

8/30/2013



2012/2013

**DRAFT ANNUAL REPORT**

Prepared and Edited by the Office of the Municipal Manager

## **VISION**

**“Ingwe municipality will provide basic, quality and affordable services to all its communities in a transparent manner and promote socio-economic development whilst protecting the environment”.**

## **MISSION STATEMENT**

**“Ingwe will achieve its vision and strategic development goals by strengthening its working relations with its communities, other municipalities, sector departments, funders of development and investors and by promoting good governance and adherence to legislation, while encouraging innovation and creativity”.**

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## ABBREVIATION USED IN THIS DOCUMENT

AC	-	Audit Committee
AG	-	Auditor General
AFSs	-	Annual Financial Statements
BTO	-	Budget and Treasury Office
CBO	-	Community Based Organization
CDW	-	Community Development Worker
CFO	-	Chief Financial Officer
CIDP	-	Construction Industry Development Board
CoGTA	-	Department of Cooperative Governance and Traditional Affairs
DBSA	-	Development Bank of Southern Africa
EXCO	-	Executive Committee
FBS	-	Free Basic Services
FMG	-	Finance Management Grant
GAMAP	-	Generally Accepted Municipal Accounting Practice
GRAP	-	General Recognized Accounting Practice
GVR	-	General Valuation Roll
HOD	-	Head of Department
HR	-	Human Resources
IDP	-	Integrated Development Plan
IPD	-	Infrastructure Planning and Development
KPA	-	Key Performance Area
KPI	-	Key Performance Indicator
KZN	-	KwaZulu-Natal
LED	-	Local Economic Development
LLF	-	Local Labour Forum
MDB	-	Municipal Demarcation Board
MEC	-	Member of the Executive Council (Cooperative Governance and Traditional Affairs)
MFMA	-	Municipal Finance Management Act No. 56 of 2003
MIG	-	Municipal Infrastructure Grant
MM	-	Municipal Manager
MOA	-	Memorandum of Agreement
MPRA	-	Municipal Property Rates Act
MSA	-	Municipal Systems Act
MSIG	-	Municipal System Improvement Grant
MTAS	-	Municipal Turn Around Strategy
MTEF	-	Medium-Term Expenditure Framework



NGO	-	Non- Governmental Organization
NT	-	National Treasury
OPMS	-	Organizational Performance Management System
PDA	-	Planning Development Act
PSEDS	-	Provincial Spatial Economic Development Strategy
PMS	-	Performance Management System
POE	-	Portfolio of Evidence
PT	-	Provincial Treasury
RF	-	Representative Forum
SALGA	-	South Africa Local Government Association
SDBIP	-	Service Delivery and Budget Implementation Plan
SDF	-	Spatial Development Framework
SDM	-	Sisonke District Municipality
SLA	-	Service Level Agreement
SMME	-	Small, Medium and Micro Enterprises
SOE	-	State Owned Enterprise
WSP	-	Work Skills Plan

# **Foreword by Her Worship the Mayor**

## **Cllr N P Luzulane**

It gives me a great pleasure and grateful to make public Annual Report of Ingwe Local Municipality for 2012/2013 financial year, which presents the financial and service delivery performance of the municipality. This document is the culmination of commitment and hard work by our Councillors including leadership and knowhow municipal employees who have made considerable strides towards achieving our vision, goals and strategic objectives. Any reflection of the year under review immediately brings to mind the milestones we have achieved as the municipality. Though there have been teething challenges during the year under review due to, leadership vacuums particularly within the administration side as the result of the departure of the senior managers, we did not stop functioning, instead, we continued focused and worked even harder to make sure that we meet our obligations as the municipality. Unqualified audit opinion that we received from the Auditor General of South Africa is a testimony or a direct result of the commitment and hard work of everyone involved in the municipality.

Performance highlights, in summary, have revolved around:

- The Treasury and Budget Office of Ingwe Municipality has done particularly well in its legislated reporting function, its cash management policies and processes, its cleaning of the customer database and updating the Valuation Roll of properties within its jurisdiction. SCM turn-around times have been significantly improved so that it will not be too easy in future to blame procurement delays for infrastructure delivery failures;
- Local Economic Development – various projects that have assisted local entrepreneurs gain access to economic activity in the SMME sector were accomplished during the reporting period (including small-scale agriculture, craft making and tourism). Income generation potential for Ingwe has also been unlocked by the municipal officials responsible in this unit of the institution in terms of agreements with Transnet for the purchase of rental stock housing in Donnybrook;
- Special Projects - dealing with women, youth and the aged were accomplished utilizing budgets to the optimum efficacy;
- Public Participation – in terms of ward committee functioning began well in the financial year but faced some challenges later on. Ingwe is however well placed to introduce CBP (ward level development plans) in 2013/2014; and,
- Human Resource Management – critical vacant post have been filled, training quotas met and while slightly belated, a comprehensive overhaul of Ingwe’s policy environment undertaken. Council support has been highly satisfactory in terms of meetings of all relevant structures of the municipal hierarchy.

In conclusion, I would like to record my sincere appreciation on behalf of the Council to all our development partners, government and private sectors for their meaningful participation and commitment to improve the quality of life of our people and making Ingwe Local Municipality a truly place of opportunities.

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**CLLR N P LUZULANE**

**Her Worship the Mayor of Ingwe Local Municipality**

# **Message from the Speaker of the Council**

## **Cllr M W Mtolo**

As the Speaker of Ingwe Local Municipality I would like to congratulate my fellow former Councillors, communities, government sectors, civic society, businesses fraternity, Non-Governmental Organizations and any other affected parties for significant effort to improve the services delivery of Ingwe Local Municipality.

We successfully conducted a series of IDP and Budget Road-Shows in order to enable community participation through the facilitation of an approach which enables community members to raise their needs, prioritize their needs and discuss various development related issues within their areas and the municipality in general. Attendance in these Road-shows by a wide range of community members was overwhelming, and thus it can be construed without fears and any contradictions that these Road-shows went very well and they meet the desired outcome.

Lastly, I would like to send my sincerely gratitude and compliment a support given by the Ward Committees and Community Development Workers who have performed their duties well in enhancing community participation in the planning processes.

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**CLLR M W MTOLO**  
**SPEAKER OF THE COUNCIL**

# **Message from the Municipal Manager**

## **Mr N C Vezi**

Mr. Speaker of Council  
The Honourable Mayor  
Members of Council

It is with great pleasure and honour bestowed upon me by the constitution of the Republic that I present before you, the Council of Ingwe, its community and representative structures the Annual Report for the financial year ended 30 June 2013. The Municipal Systems Act enjoins Municipalities with the responsibility to report to the public, the Auditor General, Department of Co-operative Governance and Traditional Affairs in the respective provinces.

The Annual Report that we are tabling before you, Mr. Speaker details the activities of the Municipality during the period under review. It highlights our strengths, weaknesses, opportunities and threats but over and above that it gives a general overview of the performance of Ingwe Municipal Council. It further gives the details of the financial position of the municipality and its service delivery initiatives.

The Performance Information will detail the performance audit results and how the municipality conducted performance appraisals for Senior Managers in terms of the Municipal Systems Act and will further give clarity on the overall performance of Council, its Committees which is Executive Committee and the respective Sub-Committees of the Executive of Council.

I am proud to report to Council that the Auditor General has given Ingwe Municipality an unqualified audit with other matters. We had aimed for an unqualified with no matters but we could not get to that point due to a few technicalities. Sadly these technicalities contributed to more than R5million recorded as unauthorized expenditure and more than R30million recorded as irregular expenditure. This is a sad matter to report but we are proud to say that inspire of the huge turn-over on the side of Management, viz three Municipal Managers in one financial year could have had a crippling effect in the operations of the organization. Thanks to the political leadership that was provided during those tough times. I wish to thank all staff and Councillors for their commitment to an improved audit opinion, I further wish to thank the community for all the support that we have received.

I look forward to an improved working relationship with Council Support Structures like the Audit and the Performance Audit Committee, the Ward Committees, Traditional Leadership Structures, Religious Committees and everyone involved.

I thank all profusely.

Yours Faithfully;

**Nkosiyezwe Vezi**  
**Municipal Manager**

# **REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE TO THE COUNCIL OF THE INGWE MUNICIPALITY**

**We are pleased to present our report for the year ended 30  
June 2013.**

**Mr M K D Mrasi**

## **1. Background**

The INGWE Municipality has an Audit Committee as prescribed by the Municipal Finance Management Act, Chapter 14, Section 166(1), that serves the purpose of being an independent advisory body to the Council, Political Office Bearers, Accounting Officer, and the Management staff, thereby assisting Council in its oversight role. The role, functions and authority of the Audit Committee are prescribed in terms of Section 166(2) of the Act. In the process of carrying out its responsibilities the audit committee is to advise on the following aspects:-

- Compliance with applicable legislation;
- Sound Financial Management;
- Performance Management; and
- Service Delivery Imperatives

Furthermore in terms of Section 121(3)(j) of the MFMA, the audit committee is required to include in the annual report any recommendations, it wishes to make, in order to improve the financial management and business operations of the municipality.

## **2. Membership of the Audit Committee**

The MFMA S166(4)(a) stipulates that the Audit Committee should be constituted by at least three persons with appropriate experience. The audit committee of INGWE Municipality consists of three independent members, with experience in the field of Municipal Accountancy & Auditing, Local Government Finance and Administration and Law; and a working knowledge of PMS. They are:-

1. Mpucuko Mrasi (Chairperson)
2. Sushi Keshav (Member)
3. Roger Bowyer (Member)

The Auditor General (AG), Department of Co-operative Governance and Traditional Affairs (Cogta MF and PMS Sections) and Provincial Treasury are always invited to the audit committee meetings.

### **3. Meetings**

The Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003),

S166(4)(b), also requires that the Audit Committee meet at least four times a year. During the 2012/2013 financial year the Audit Committee held meetings in the following dates :-

- |    |          |          |
|----|----------|----------|
| 1. | 24/8/12. | 15/11/12 |
| 3. | 27/5/13  |          |
| 4. | 28/6/13  |          |

Out of the four meetings held, each member attended as follows :-

- |               |            |
|---------------|------------|
| 1. Mr Mrasi   | 3 meetings |
| 2. Ms. Keshav | 4 meetings |
| 3. Mr. Roger  | 4 meetings |

### **4. Audit Committee Responsibility**

At Ingwe the Audit Committee also performs the function of the Performance Audit Committee, therefore it is generally referred to as Audit and Performance Audit Committee (APAC). It is noted that over the last financial year the APAC has, as far as possible, complied with its responsibility arising from its Charter, including the relevant legislative requirements. During the meetings the internal audit reports have been deliberated upon and management urged to implement the recommendations. We have also discharged our responsibility in as far as performance information is concerned, even though there were notable challenges concerning the monitoring and managing of performance.

**Recommendation :** It is the view of the committee that now that there is an appointed IDP/PMS Manager, there will be an improvement on the management of performance within the municipality. Regular reporting on performance will now become common practice. As such the APAC will be able to fully play its role in advising Council on issues pertaining to performance

## **5. Internal Audit**

During the 2012/13 financial year this function continues to be carried out by an in-house internal auditor assisted by an Intern, together with a co-sourced auditing firm. Working relations between internal audit and management have improved slightly, with the latter beginning to respond to findings of the internal audit.

**Recommendation :** Council should continue with the efforts to strengthen the capacity of the in-house internal audit by providing for an extra post of an auditor. This will also ensure that the co-sourced internal auditor transfers adequate skills to council employed internal audit staff. Secondly management is also encouraged to improve on responding timeously to internal audit queries, and thereafter immediately implementing the agreed upon action plans.

## **6. Critical Matters discussed during the year**

The following issues formed permanent items of the Audit Committee meetings due to them being reported repeatedly by the Auditor General and Internal Audit.

### **6.1 Supply Chain Management**

As highlighted by the Auditor General in his past Audit Reports, Supply Chain Management continues to be a high risk area in many municipalities. In the past Internal Audit carried out investigations on the SCM processes and made recommendations. The implementation of these recommendations was also echoed in the audit committee meetings.



**Recommendation:** The APAC strongly recommends that it continues to be furnished with more information with regards to the awarding of contracts, contract deviations and final costs of projects. Accordingly APAC strongly recommends that SCM and contract management be a standing item at all our future meetings.

## **6.2 Performance Management**

As already emphasized we will be expecting internal audit to audit performance management reports and report their findings, vis-à-vis the portfolio of evidence giving proof of sound and efficient service delivery. It will be understood that communication of this information is an essential part of public participation and community involvement and this is driven through the Annual Report.

**Recommendation:** The IDP/PMS Manager should put processes in place to ensure that quarterly performance information is ready before the end of the month following that quarter. This will allow internal audit time to review the information and its supporting evidence before this is tabled before the audit committee.

Implementing this recommendation will yield positive outcomes for the municipality, namely:-

- There will be no difficulty in submitting the Annual Performance Report to the Auditor General by the 31<sup>st</sup> August together with the Annual Financial Statements
- In future MPAC is expected to start its oversight responsibility early, rather after a draft Annual Report is tabled, therefore the preparation of these quarterly reports on time will afford it that opportunity.

## **6.3 Financial Management**

**Annual Financial Statements** - It will be recalled that the Office of the Auditor General has been trying to get municipalities to keep the financial records up to date. To this end the Auditor General discourages the practice of leaving the preparation of the Annual Financial Statements (AFS) till the end of the financial year, as this has proven to be the source of submitting AFS with errors.

**Recommendation:** Accordingly APAC is recommending that financials be done quarterly and eventually monthly. These are to be tabled before the committee for scrutiny and recommendation. This will also assist in averting a situation where Ingwe only realizes at the eleventh hour that it will not be able to submit on time. Thus Council must continually be asking the Chief Financial Officer to report on the progress made in this regard.

**Debt Management** - We all know that Revenue is the “lifeline” of the municipality. To this end the AG has raised an issue of the material impairment of debt amounting to R5.74m in the 2012/2013 financial year.

**Recommendation:** A review of debt management and revenue collection strategies needs to be undertaken. Accordingly APAC will be recommending that debt management and the collection of outstanding debt is taken very seriously by Council and details of actual cash collected and not simply billed (revenue recognition) is furnished at all our future meetings. Reasons for under-collection will be requested together with plans of action to recover the outstanding debts.

**Risk Management** The Municipal Finance Management Act (No. 56 of 2003),

S 166(2)(ii) prescribes that the Audit Committee must advise council in matters relating to risk management. The identification of these risks and the management thereof is the primary responsibility of Council and management. Although previously a Risk Management Plan was adopted, but it has not been revisited, as such not operationalised.

**Recommendation:** Consequently we will also be reviewing the risk registers to ensure that all risks are being effectively managed. Likewise we expect that an anti fraud and corruption plan is developed to monitor the day-to-day operation of the administration. This would include enhancing controls and standard operating procedures, for instance in the supply chain management environment. In future we will require quarterly reports on risk management.

**Asset Management** : With many municipalities, Ingwe Municipality included, AG was critical of relevant records and schedules not being up to date and reconciled and therefore non-compliance with this important GRAP Standard. This, if repeated can contribute to a qualification of your Annual Financial Statements.

**Recommendation:** As with the above recommendation on the preparation of quarterly AFS, the Fixed Asset Register needs to be reconciled quarterly to the General Ledger. This will allow for

any discrepancies to be rectified timeously avoiding a situation where huge differences at the end of the year cannot be explained leading to qualifications by the AG.

## **7. AUDITOR GENERAL'S REPORT**

The Auditor General issued an unqualified audit report in respect of the 2012/13 financial year. Four items have been highlighted under emphasis of matter, namely:-

- restatement of corresponding figures
- Material impairment of debtors
- Unauthorised expenditure
- Irregular expenditure

**Recommendation:** The Committee accepts the Auditor General's report on the Annual Financial Statements for the year ended 30 June 2013. The Committee is of the opinion that the Audited Annual Financial Statements should be accepted and read together with the reports of the Auditor General.

## **8. Conclusion**

The Audit Committee would like to extend a word of gratitude and appreciation to Council, Management and Staff of Ingwe Municipality for their continued support during the 2012/2013 financial year. The committee wishes to assure Council that it will continue to fulfill its role to the best of its ability at all times.

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**MKD Mrasi**

**Chair: Audit and Performance Audit Committee**

**5 January 2014**

# CHAPTER 1

## INTRODUCTION AND OVERVIEW

**Introduction**

**Legislation**

**Overview of the Municipality**

Locality

Structure Elements

Demographics Indicators

Economic Profile

## Introduction and Overview

The annual report is one of the performance reports that ensure a full accountability to the community and other stakeholders. It reflects a true, honest and accurate account of goals and objectives set by the Council. It includes a range of financial and non-financial information that collectively form a historic record of the activities and performance of the Ingwe Local Municipality for 2012/2013 financial year.

## Legislative

The 2012/2013 Annual Report for Ingwe Local Municipality has been compiled in line with Section 46 of the Municipal Systems Act, Act No. 32 of 2000 read with Section 121 (3) of the Municipal Finance Management Act, Act No. 56 of 2003.

*Section 46 of the Municipal Systems Act states that:*

- (1) A municipality must prepare for each financial year an annual report consisting of -
  - (a) a performance report reflecting-
    - (i) the municipality's and service provider's performance during that financial year, also in comparison with targets of and with performance in the previous financial year;*
    - (ii) the development and service delivery priorities and the performance target set by the municipality for the following financial year; and*
    - (iii) measures that were or are to be taken to improve**
  - (b) the financial statements for that financial year prepared in accordance with the standards of generally recognized accounting practice referred to in section 89 of the Public Finance Management Act, 1999.*
  - (c) an audit report on the financial statements and the report on the audit performance in terms of section 45(b); and*
  - (d) any other reporting requirements in terms of other applicable legislation.**
- (2) A municipality must table its annual report within one month of receiving the audit report referred to in subsection (1)(c).*

*The compilation of annual report is clearly defined in Section 121 of the Municipal Finance Management Act. Section 121(1) and (2) states that:*

- (1) Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of the municipality must with nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.*

- (2) *The purpose of an annual report is-*
- (a) *to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;*
  - (b) *to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and*
  - (c) *to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.*

## Overview of Ingwe Local Municipality

### 1. Locality

Ingwe Local Municipality is located inland in the southern portion of KwaZulu-Natal.

**Map 1: Ingwe Local Municipality**

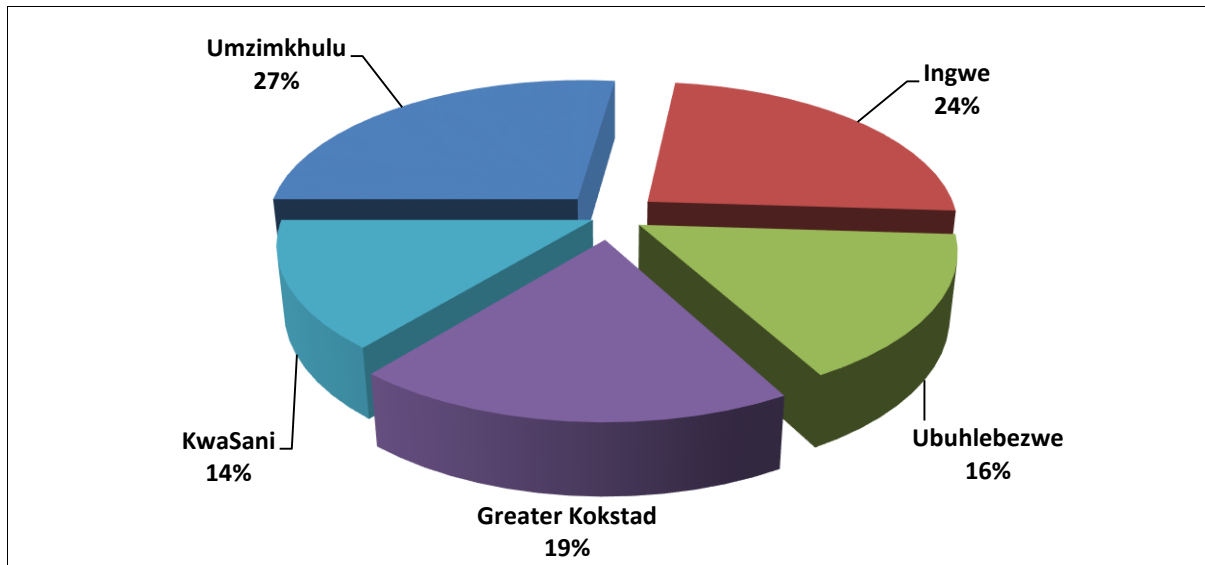


The municipality is located in the Sisonke District Municipality, the fourth largest geographic district in the KwaZulu-Natal province. The District comprises five local municipalities:

- Ingwe
- Umzimkhulu
- Ubuhlebezwe
- KwaSani and

- Greater Kokstad

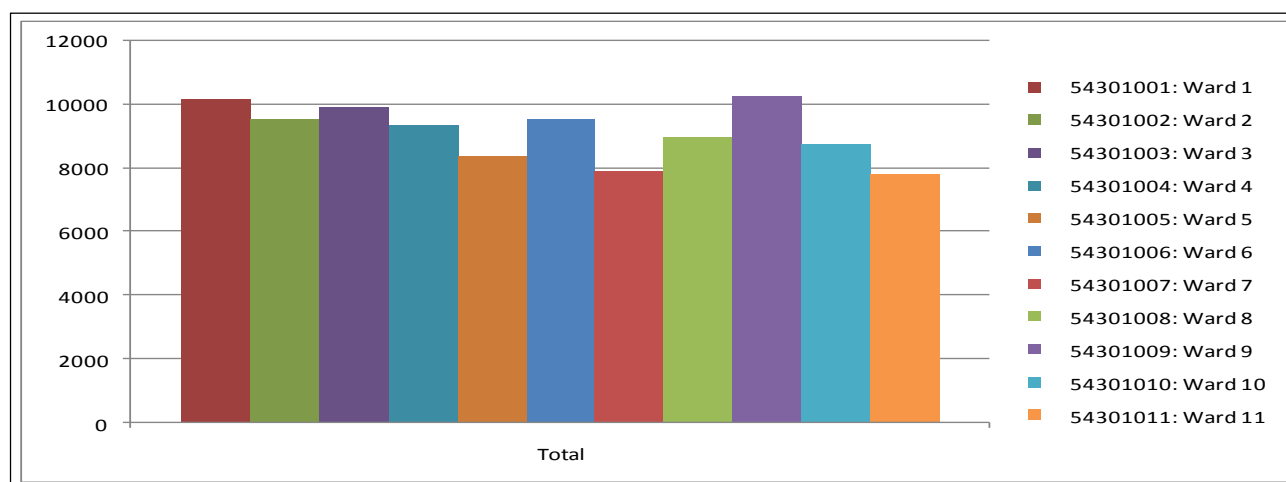
Ingwe is approximately 1970 square kilometres in extent, which makes it the second largest geographical area within the Sisonke District Municipality. Ingwe is bordered by Umzimkhulu and Ubuhlebezwe to the South, Richmond and Msunduzi to the West, Impendle to the North and KwaSani to the East. The neighbouring local municipalities of Ubuhlebezwe and Msunduzi have significant spatial and socio-economic linkages with the LM as most of the residents of the municipality work, shop and access social facilities in these municipalities.



**Graph 1: Sisonke Family of Municipalities: Area Covered**

Ingwe includes towns such as Creighton, Bulwer and Donnybrook. Ingonyama Trust land makes up a major part of the municipality and includes the following areas: Madzikane-Bhaca, Isibonela Esihle, Amakuze, Sizanani, Umacala-Gwala, Zashuke, Qadi, Bidla, Vukani, Amangwane, KwamaFuze and Vezakuhle Traditional Authorities. The total population of Ingwe is: 100,548 consisting of around 22,000 households. This reflects a decrease of around 7,000 individuals since the previous census and a slight increase in number of households. Black Africans comprise the overwhelming majority with other racial categories being of little statistical significance. Women remain predominant at 54%.

Population profiles per ward are depicted below.



**Graph 2: Total Population per Ward**

## 2. Structuring Elements

The following structuring elements have been identified for Ingwe:

### 2.1 Existing Nodes and Corridors

The municipality has three nodes that perform different functions, that is,

- Creighton - municipal head office
- Bulwer - commercial and services node
- Donnybrook - commercial

All the three nodes are underdeveloped. The development of these nodes in particular is further impacted by their spatial location. The municipality falls outside the primary nodes and corridors of the Sisonke District Municipality, KwaZulu-Natal Province and National.

It is therefore not considered a primary area of investment by government. It is also underdeveloped and spatially disconnected from major economic centres to attract investment. The growth of Creighton is further hampered by its location on a tertiary road that is not easily accessible to the entire municipal population.

Bulwer and Donnybrook are located on a secondary provincial road R617 that links Ingwe local municipality with all its neighbouring municipalities of Ubuhlebezwe, KwaSani and Msunduzi.



There is no single urban centre in the municipality that is well developed to service the needs of the residents. The scattered underdeveloped small towns coupled with a relatively small population, with low incomes limits the growth potential of all nodes.

## **2.2 Broad Land Uses**

Ingwe is predominantly agricultural in nature. Forestry is mostly on state land but its operations allow private owners, mostly in the Hans Merensky group to benefit economically. Commercial farming of maize, sugar cane and beef mostly is done by a small minority of white land owners.

Dense rural human settlement by the majority of poor black citizens, mostly on Ingonyama Trust land precludes any significant agricultural production by them. Otherwise a few professionals occupy positions in the services sector and even fewer still are involved in trade and commerce – this occurring almost entirely in the small towns of Ingwe.

## **2.3 Land Ownership**

About 81% of the population lives in Tribal Authority areas where land ownership does not exist in the sense of citizens having Title Deeds. Productive agricultural land is predominantly in the hands of a few white land owners – typical of the South African Apartheid legacy.

## **2.4 Land Reform**

Land claims and land redistribution remain a hotly contested issue within Ingwe. The issue has been placed in the Office of the Municipal Manager for the purposes of mainstreaming it. Based on current available data there are three Land Claim projects in process in the Ingwe Local Municipality being:

Mnywaneni project comprises of two portions of the property lot no. 55, Sunrise which is in extent 298.86 ha. There are some 90 beneficiaries involved. Evaluations have been completed and the Department is in the stage of price negotiations;

The current residents on the property Ingudwini Forest no 15327 lodged a request with the Department of Land Affairs some 5 years back for the land to be purchased and made available to them as a land redistribution project or possibly an ESTA project. Apparently the families have been resident on this land for many years. The land is apparently also used for grazing by the adjoining people in the Sandaneza area. The owners of the property are prepared to sell. (Source: Mr R Montgomery of BCP Engineers who have installed a community water scheme in this area and continue to support the local community in the maintenance of the scheme).

Impendle state land provides opportunity for both redistribution as well as small-scale farmer settlement under the LRAD programme.

There are three Land Reform projects at present within the Local Municipality being the:

- Sunrise Forest
- Ingudwini Forests and
- The large block of state land to the north of the Mkhomazi River.

This land is in the phase of being allocated to identify beneficiaries. The new Land Redistribution for Agricultural Development programme (LRAD) has only recently been implemented and it will be some time before this will have any impact on the local economy. This programme is dependent on persons applying for financial assistance to acquire land for agricultural purposes. Being a new programme it will take time for it to become known. The level of extension support to emerging agriculture is at a low level and as a result the potential that exists in the traditional areas has not been exploited or developed to any degree.

## **2.5 Land Capability**

In terms of the agricultural sector 199 000 hectares is utilized for agriculture. 64% of this is used by private land owners for commercial purposes, and 36% is communal land within the 12 tribal authorities. Approximately 26 000 ha is used for cropping and 128 000 ha for grazing. Agriculture is a significant contributor to the economy with 40 – 50% of Gross Geographic Product being generated by this sector. Agriculture employs 35% of the community.

## **2.6 Environmental Analysis**

### **2.6.1 Key Hydrological Features / Protected Areas & Biodiversity**

Two of KwaZulu Natal's largest river systems pass through Ingwe. These are the Mkomazi River in the east and the uMzimkulu River in the south-west. These rivers and associated catchments are important for the provision of large quantities of water (Ingwe IDP 2002).

There are also a number of wetlands, seven of which have been registered as Sites of Conservation Significance by eZemvelo KwaZulu-Natal Wildlife (for a discussion of wetlands, see section below). The altitude ranges from 2083 metres above mean sea level in the north east (aMahwaqa Peak) to a low of approximately 450m at the bottom of the Mkomazi River valley in the south. Ingwe comprises gently undulating to steeply undulating land. Much of the flatter land is restricted to small "plateaus" which are primarily found in the western highlands areas of Ingwe.

Much of Ingwe is underlain by rock derived from dolerite and mudstones. The eastern lower lying areas of Ingwe are dominated by shale's and arsenate. The soils are generally considered to be of low fertility. A second very important common characteristic of most of the soils of the Ingwe area is that they are generally highly erodible.

The vegetation of Ingwe is diverse and contains several environmentally important and sensitive vegetation types. The area can be divided into 7 Bio-resource groups (Moist Highveld Sourveld (24%), Dry Highveld Sourveld (<1%), Moist Transitional Tall Grassveld (60%) Moist Midlands Mist belt (4%), Moist Tall Grassveld (6%), Coast Hinterland Thornveld (<1%), and Valley Bushveld (5%) (Ingwe IDP 2002).

Of particular importance with regard to biodiversity are the wetlands, mist belt grasslands (which are endemic to KwaZulu Natal), and Mistbelt forests.

Aside from the indigenous (natural) vegetation, there are also extensive areas where agricultural activity has resulted in significant changes to the vegetation. Amongst the most obvious of these are the commercial forestry operations. Although no detailed sampling of the fauna of the entire Ingwe area has been completed, the currently available data indicate that in terms of game animals, species diversity is quite low due to the dominance of Sourveld type grasslands (Ingwe IDP 2002). However, there are a number of common, rare and endangered species present including a number of Red Data listed species. These include both resident species as well as migrants such as the Orib, Blue swallow, Cape parrot, Wattle crane, Blue crane, Crowned crane, Cape vulture and tree hyrax.

The Ingwe municipal area does have both international and national environmental responsibilities. The international responsibilities relate primarily to the protection of biodiversity in accordance with the International Convention on Biological Diversity to which South Africa is a signatory. Of specific relevance to Ingwe are both the protection and relevant preservation of wetland habitats, Mistbelt grasslands and Mistbelt forests, all of which are currently under threat in the municipal area. One example of a Mistbelt forest within the boundaries of Ingwe that is considered to be of national importance is that of the iGxalingenwa forest. This forest is considered to be of national importance on the basis of the high number of Cape parrots utilising the area as a food source and for roosting sites. The presence of the tree hyrax in this forest also contributes towards its importance. There are a number of sites within Ingwe which have also been identified as being of specific conservation importance. These include:

- A Natural Heritage Site
- 19 Sites of conservation significance
- 1 Private Game reserve and
- 1 Biosphere reserve.

Furthermore there are eight formally protected areas within Ingwe. Of these seven are State forest areas and the eighth is the Impendle Natural Reserve.

Ingwe has a wide diversity of vegetation. This includes vegetation that is well represented elsewhere in the province, vegetation that is of particular ecological interest (such as the plant communities that are associated with the dolerite dykes in the area) and the three vegetation types that are of particular importance in Ingwe. These are wetlands, Mistbelt grassland, and Mist belt forests.

The majority of the population of Ingwe are resident in poorly serviced rural areas, are unemployed, and 60% of the households are subsisting on less than R600 per household per month. Livestock farming and subsistence agriculture are important components sustaining those residents. Hunting also plays an important part in providing food for the people of the area as does the collection of material for use in traditional medicines and other herbal remedies.

The level of services in many of the rural area is poor. Many households are reliant on natural water resources for their water supplies. When this is considered in conjunction with the fact that those same

areas are also reliant on poor quality pit latrines for sewage disposal, and that there are no formal waste disposal facilities available in many of these areas, the seriousness of the situation is easily apparent.

Furthermore, by far the majority of the households in Ingwe does not have access to electricity and are reliant on alternative energy sources such as firewood. All this has significant implications in terms of the natural resources of the area. The concentration of livestock and the limited availability of grazing leads to overgrazing which in turn, results in soil erosion. Although the soils of the area are generally not very fertile, the loss of that topsoil equates to a serious loss of crop potential.

The reliance on fires as an energy source also impacts heavily on the natural resources of the area. Aside from the social impacts of having to constantly be sourcing firewood to meet the energy demands of the household, the impacts on the forests (indigenous, commercial and woodlots) of the area may be significant. Aside from the impacts relating to the collection of fuel for the fires, these also contribute to a deterioration of the air quality in the area.

In the light of the above the need to protect the natural resources of the area becomes a critical imperative. This is not purely from the ecological point of view but, in the light of the above, from the need to ensure that the natural resources of the area are able to continue sustaining the residents of the area which are to varying degrees, dependent on those resources for their survival. For example, the protection of wetlands becomes a far more pressing issue when it is considered that a substantial proportion of the residents of Ingwe are largely reliant on that wetland for their water supply.

The conservation of grassland areas also assumes a far greater significance when considered in the light of the need for grazing rather than in the light of a fairly abstract concept of the protection of biodiversity.

Aside from the importance of the natural resources of the area in sustaining the residents, those resources also have the potential to generate much needed income in the area. The eco-tourism and adventure-tourism potential is considered excellent with a number of draw cards that may be capitalized on. These include the present of rare species (birding tours to see the Cape parrot and the Blue and Wattle cranes for example), topography that is conducive to adventure tourism (steeply incised valleys, exciting rivers for white water rafting or canoeing).

Thus in protecting the natural resource base of the area, not only would this ensure the short term survival of many of the residents of the rural area, it would also contribute towards creating employment or other income generating opportunities. Ingwe Municipality is therefore in an excellent position to entirely meet the national conservation targets of two prominent grassland and forest types, and contribute significantly to the conservation target of another grassland type, through the conservation of the remaining non-transformed areas of these grasslands and forests within its municipal jurisdiction.

### **2.6.2 Climate and Climate Change**

Two bioclimatic regions exist within Ingwe. These are the highland and the moist upland bioclimatic regions. The area may be roughly divided into three temperature zones (Figure1). The western (higher) portions of Ingwe are typically cooler than the eastern (lower) regions. Winter temperatures in the cooler

western regions often drop to below 0° C whilst in the warmer eastern regions temperatures seldom fall below 5° C. Summer temperatures range from highs in the low thirties in the west to high thirties in the east.

Mean annual rainfall in the area is between 700 and 1200mm per annum with the eastern areas generally being drier than those in the west.

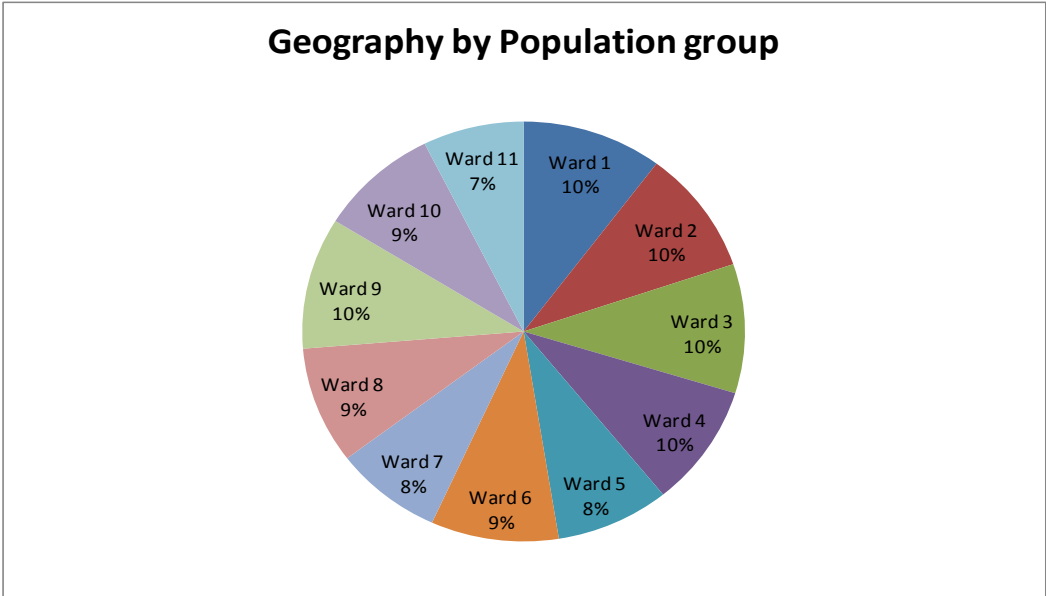
### **3. Demographic Indicators**

According to the 2011 population census there were **100,548** individual citizens of Ingwe, living in around **22,000** households. The ward breakdown was represented in a graph in the Executive Summary that demonstrated population numbers.

Hereunder a table depicts actual numbers and a pie chart captures percentages.

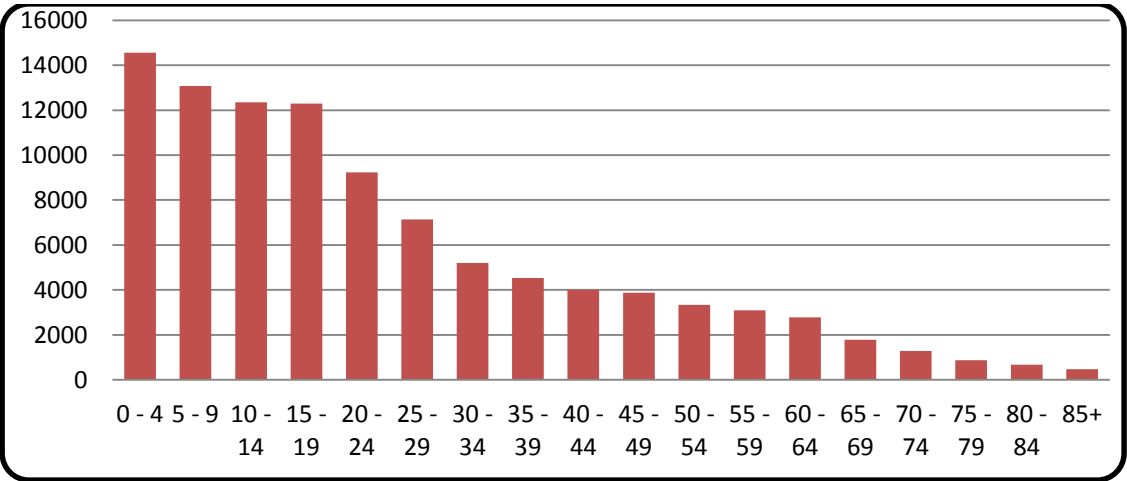
<b>WARD</b>	<b>Sub-Total</b>
<b>Ward 1</b>	10177
<b>Ward 2</b>	9486
<b>Ward 3</b>	9872
<b>Ward 4</b>	9333
<b>Ward 5</b>	8241
<b>Ward 6</b>	9275
<b>Ward 7</b>	7838
<b>Ward 8</b>	8944
<b>Ward 9</b>	10055
<b>Ward 10</b>	8738
<b>Ward 11</b>	7324
<b>TOTAL:</b>	100 548

**Table 1: Numeric demographic indicators**



**Graph 3: Graphical demographic indicators**

There are only relatively minor variations in population size per ward. The following graph introduces the age profiles within Ingwe and demonstrates a significantly youthful population.



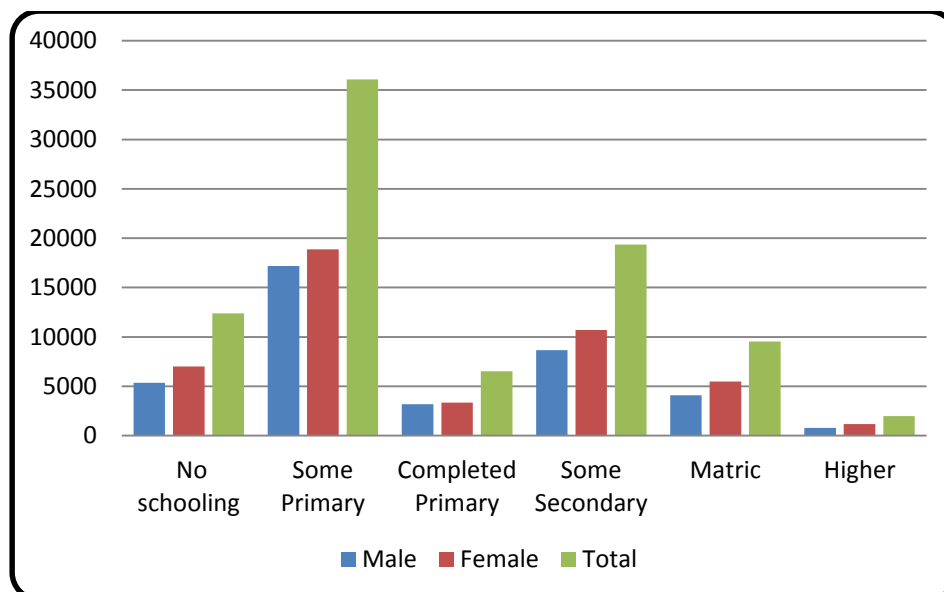
**Graph 4: Ingwe Age Distribution**

WARD	Total
Ward 1 Male	4556
Ward 1 Female	5629
Ward 2 Male	4247
Ward 2 Female	5258
Ward 3 Male	4498

WARD	Total
Ward 3 Female	5415
Ward 4 Male	4415
Ward 4 Female	4932
Ward 5 Male	3900
Ward 5 Female	4469
Ward 6 Male	4587
Ward 6 Female	4957
Ward 7 Male	3708
Ward 7 Female	4177
Ward 8 Male	4166
Ward 8 Female	4791
Ward 9 Male	4804
Ward 9 Female	5465
Ward 10 Male	4101
Ward 10 Female	4657
Ward 11 Male	3771
Ward 11 Female	4047

**Table 2: Gender Splits**

Without exception every ward demonstrates the preponderance of women. This equates overall for Ingwe to a 54:46 female to male ratio.



**Graph 5: Educational dynamics expression**

Approximately 36% of Ingwe's population have some primary education; around 20% have some secondary – while only less than 10% have matric. People with tertiary qualifications are an insignificant statistical category.

#### **4. Economic Profile**

The agriculture sector and the community services sector are the major contributors to employment in the municipality with 30.4% and 23.8% respectively. Trade and private household sectors are also making some contribution to employment with 14.3% and 11.3% respectively. The remaining sectors had low percentages ranging from 7.4% for manufacturing to 0.2% in electricity.

The KZN PSEDS isolates three sectors as being of special relevance for Ingwe– agriculture, tourism and services.

The municipality offers a range of economic opportunities aimed at investors, which will have positive spin-offs for the Ingwe community. The economic opportunities offered are mainly in the tourism sector (for example the steam train initiatives) and in the agricultural sector (the bio-fuels initiative).

##### **4.1 Employment and Income Levels**

In terms of the agricultural sector 199 000 hectares is utilized for agriculture. Sixty-four percent of this is used by private land owners for commercial purposes, and 36% is communal land within the 11 tribal authorities. Approximately 26 000 ha is used for cropping and 128 000 ha for grazing. Agriculture is a significant contributor to the economy with 40 – 50% of Gross Geographic Product being generated by this sector. Agriculture employs 35% of the community. Income levels remain difficult to determine.

The PSEDS identifies tourism as being second in overall provincial economic growth potential and this is a key focus area of Ingwe. Tourism includes the tourism routes, being Two Rivers Tourism and the Boston/Bulwer Beat.

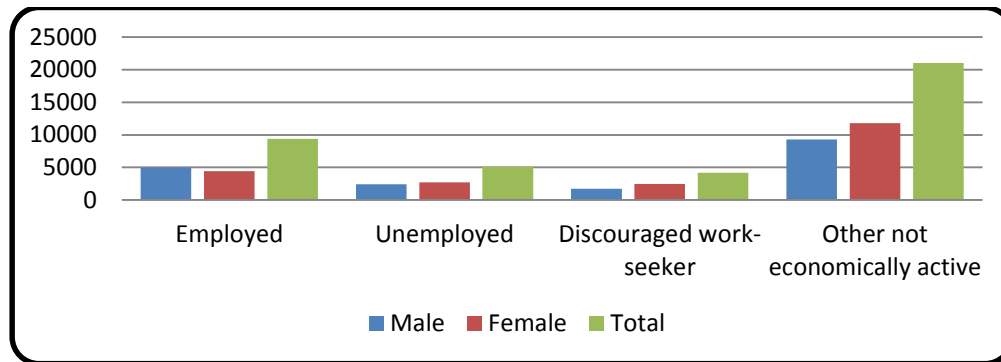
The main economic activity in the municipality is commercial farming based on semi-intensive beef, dairying, potato production and a strong commercial forestry sector.

The tourism sector is considered a sector with major growth potential. Gross Domestic Product data confirms the fact that Ingwe Municipality is exceptionally poor and underdeveloped, heavily reliant on agriculture as a main source of livelihood. The lack of a major trading centre such as those found in the neighbouring towns of Underberg and Ixopo has limited the growth opportunity for the municipality.



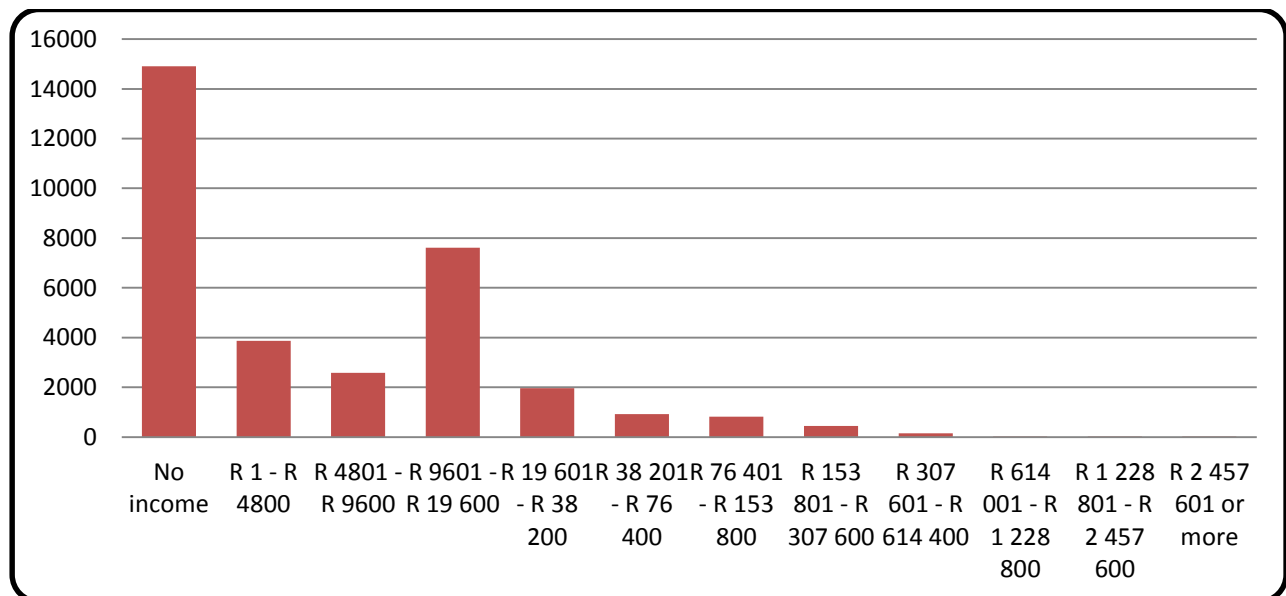
The local economic structure is outlined as follows:

- Agriculture 29%
- Farming 30%
- Social services 20.4%
- Informal trade 12.8%

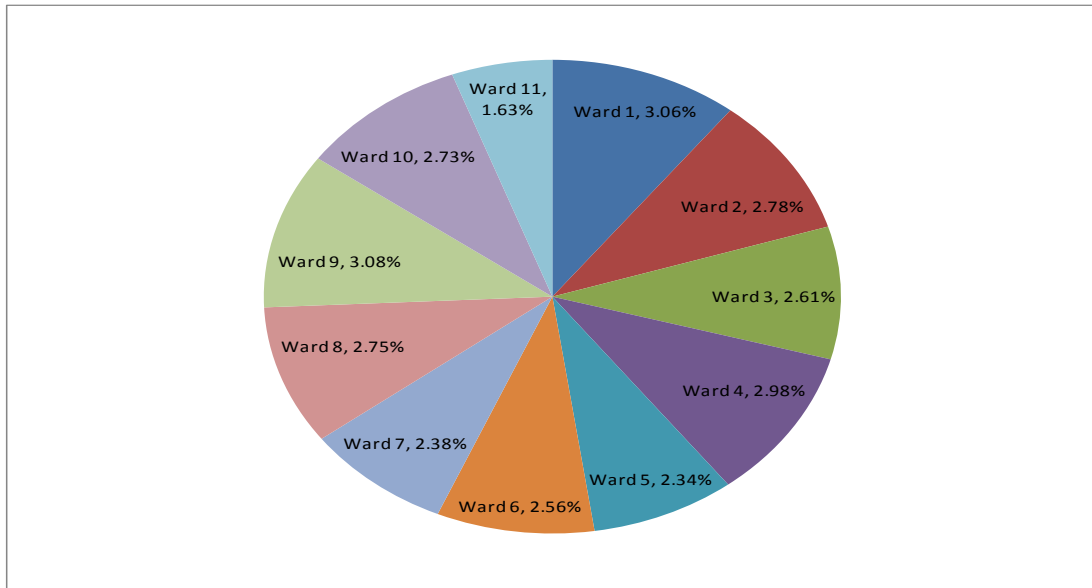


**Graph 10: Ratios of Employed to Unemployed**

Fewer than 10% of people are employed in Ingwe. Around 5% are unemployed and around a further 4% are discouraged work seekers. Women are most obviously disadvantaged. Most children are economically inactive – further reflecting the youthful nature of the population. Income levels are possibly the most telling indicators of poverty. If the economically inactive section of the population is considered along with those potentially capable of earning below: 58% of the Total Population is categorised as having NO INCOME. After the income group earning up to R20 000 annually – the numbers of people earning more are statistically insignificant.



**Graph 11: Income Levels**



**Graph 12: No Income by Ward**

# CHAPTER 2

## GOVERNANCE

### Governance: Political Governance

#### Governing Legislation

#### Compliance

Council Members of the Legislation

Oversight Committee

Audit Committee

Secretariat

Committee Meetings

## **Governance: Political Governance**

The Council is empowered and responsible for the political mandate and decision in terms of the Constitution and other relevant legislations. As the higher decision making of the municipality, Council must work with the legislative mandate of the following Acts:

### **Governing Legislation**

- ❖ The Constitution of the Republic of South Africa 1996, Act No. 108 of 1996;
- ❖ Local Government: Municipal Systems Act, Act No. 32 of 2000;
- ❖ Local Government: Municipal Structures Act, Act No.32 of 2004;
- ❖ Local Government: Municipal Finance Management Act, Act No. 56 of 2003 and Treasury Regulations;
- ❖ KwaZulu-Natal Planning and Development Act, Act No. 6 of 2008;
- ❖ Public Finance Management Act, Act No. 1 of 1999;
- ❖ Local Government: Municipal Property Rates Act, Act No. 6 of 2004;
- ❖ Local Government: Municipal Property Rates Amendment Act, Act No. 19 of 2009;
- ❖ National Housing Act, Act No. 107 of 1997;
- ❖ National Road Traffic Act, Act No. 93 of 1996;
- ❖ National Water Act, Act No. 36 of 1998;
- ❖ Waste Act, Act No. 59 of 2008;
- ❖ Electricity Act, Act No. 41 of 1987
- ❖ KwaZulu-Natal Provincial Roads Act, Act No. 4 of 2001
- ❖ National Environmental Management Act, Act No. 107 of 1998;
- ❖ National Environmental Management Protected Areas Act, Act No. 57 of 2003;
- ❖ National Heritage Resources Act, Act No. 25 of 1999;
- ❖ Disaster Management Act, Act No. 56 of 2000;
- ❖ Traditional Leadership and Governance Framework Act, Act No. 41 of 2003;
- ❖ Communal Land Rights Act, Act No. 11 of 2004;
- ❖ National Prosecuting Authority Act, Act No. 32 of 1998;
- ❖ Division of Revenue Act, Act No. 1 of 2010

### **Compliance**

- ❖ Labour Relations Act, Act No. 66 of 1995;
- ❖ Basic Conditions of Employment Act, Act No. of 1997
- ❖ Employment Equity Act, Act No. 55 of 1998
- ❖ Skills Development Act, Act No. 81 of 1998;
- ❖ Skills Development Levies Act, Act No. 28 1999;
- ❖ Preferential Procurement Policy Framework Act, Act No. 5 of 2000;
- ❖ Broad-Based Black Economic Empowerment Act, Act No. 53 of 2002;

## Council Members for Ingwe Local Municipality

(01 July 2012 – 30 June 2013)



**Back:** Cllr V.E. Mncwabe; Cllr S.S. Ngubo; Cllr S.T. Dlamini; Cllr S.R. Mlotshwa; Cllr M.C. Cekwane; Cllr S.E. Dlamini; Cllr B.C. Mncwabe

**Middle:** Cllr F.M. Makhanya; Cllr N.G. Mbhatha; Cllr S.W. Mtolo; Cllr T.A. Zikode; Cllr B.C. Nzimande; Cllr B. Thabethe; Cllr S.J. Bhengu; Cllr C.B. Kunene

**Front:** Cllr H.A. Ngcobo; Cllr S.V. Zulu; Cllr N.P. Luzulane; Cllr M.W. Mtolo; Cllr P.S. Msomi; Cllr A.N. Dlamini (Cllr P.P. Shange not present)

**Table 2.1: The municipality comprises of twenty-two (22) councillors**

Name of Councillor	Gender	Affiliation	Ward/PR
<b>Her Worship the Mayor: Cllr N P Luzulani</b>	Female	ANC	PR
<b>Deputy Mayor: Cllr S V Zulu</b>	Male	ANC	PR
<b>Speaker: Cllr M W Mtolo</b>	Male	ANC	PR
<b>EXCO Member: Cllr P S Msomi</b>	Female	ANC	Ward 09
<b>EXCO Member: Cllr S S Ngubo</b>	Male	ANC	Ward 05
<b>EXCO Member: Cllr H A Ngcobo</b>	Male	IFP	PR
<b>Cllr F M Makhanya</b>	Male	ANC	Ward 04
<b>Cllr M C Cekwane</b>	Male	ANC	Ward 10

<b>Cllr B Thabethe</b>	Female	ANC	Ward 06
<b>Cllr S E Dlamini</b>	Male	NFP	PR
<b>Cllr P P Shange</b>	Male	ANC	PR
<b>Cllr S W Mtolo</b>	Male	ANC	Ward 01
<b>Cllr T A Zikode</b>	Female	ANC	Ward 11
<b>Cllr S T Dlamini</b>	Male	ANC	Ward 03
<b>Cllr V E Mncwabe</b>	Male	ANC	Ward 08
<b>Cllr B C Mncwabe</b>	Female	ANC	Ward 02
<b>Cllr C B Kunene</b>	Male	ANC	Ward 07
<b>Cllr N A Dlamini</b>	Female	ANC	PR
<b>Cllr S J Bhengu</b>	Male	IFP	PR
<b>Cllr S R Mlotshwa</b>	Male	NFP	PR
<b>Cllr B C Nzimande</b>	Male	DA	PR
<b>Cllr N G Mbatha</b>	Female	IFP	PR

The following portfolio and other committees have been established by Council, namely:

**Table 2.2: Portfolio Committees during 2012/2013**

<b>FINANCE PORTFOLIO COMMITTEE</b>	
<b>CHAIRPERSON</b>	<b>MEMBERS</b>
<b>Her Worship the Mayor: Cllr NP Luzulani</b>	<b>Cllr F M Makhanya</b>
	<b>Cllr S S Ngubo</b>
<b>INFRASTRUCTURE, PLANNING AND DEVELOPMENT COMMITTEE</b>	
<b>CHAIRPERSON</b>	<b>MEMBERS</b>
<b>Deputy Mayor: Cllr S V Zulu</b>	<b>Cllr F M Makhanya</b>
	<b>Cllr A N Dlamini</b>
	<b>Cllr V E Mncwabe</b>
	<b>Cllr S W Mtolo</b>
	<b>Cllr S J Bhengu</b>
	<b>Cllr R S K Mlotshwa</b>
<b>SOCIAL DEVELOPMENT AND SPORT</b>	
<b>CHAIRPERSON</b>	<b>MEMBERS</b>
<b>CLLR P S Msomi</b>	<b>Cllr M C Cekwane</b>
	<b>Cllr T S Dlamini</b>
	<b>Cllr C B Kunene</b>
	<b>Cllr S E Dlamini</b>
	<b>Cllr N G Mbhatha</b>
	<b>Cllr B Thabethe</b>
<b>CORPORATE SERVICES AND SPECIAL PROGRAMME</b>	
<b>CHAIRPERSON</b>	<b>MEMBERS</b>
	<b>Cllr B C Mncwabe</b>
	<b>Cllr S S Ngubo</b>

<b>Her Worship the Mayor: Cllr NP Luzulani</b>	<b>Cllr T A Zikode</b>
	<b>Cllr P P Shange</b>
	<b>Cllr B C Nzimande</b>
	<b>Cllr H A Ngcobo</b>

## OVERSIGHT COMMITTEE

**Table 2.3: Oversight Committee during 2012 / 2013**

<b>CHAIRPERSON</b>	<b>MEMBERS</b>
<b>CLLR C B Kunene</b>	Cllr T S Dlamini
	Cllr B C Nzimande
	Cllr B Thabethe
	Cllr N G Mbatha

## AUDIT COMMITTEE

**Table 2.4: Audit Committee Meeting - attendance of members – 2012/2013 financial year**

<b>No.</b>	<b>Member of Committee</b>	<b>Position</b>	<b>Number of Meeting Attended</b>
<b>Meeting No. 15, 24/8/12</b>	Mr MKD Mrasi	Chair	Attended
	Ms S Keshav	Member of the committee	Attended
	Mr R Bowyer – member of the committee	Member of the committee	Attended
	(The committee consists of three members).		
<b>Meeting No. 16, 15/11/12</b>	Mr MKD Mrasi	Chair	Apologised
	Ms S Keshav	Member of the committee	Attended
	Mr R Bowyer – member of the committee	Member of the committee	Attended
<b>Meeting No. 17, 27/5/13</b>	Mr MKD Mrasi	Chair	Attended
	Ms S Keshav	Member of the committee	Attended
	Mr R Bowyer – member of the committee	Member of the committee	Attended
<b>Meeting No. 18, 28/6/13</b>	Mr MKD Mrasi	Chair	Attended
	Ms S Keshav	Member of the committee	Attended
	Mr R Bowyer – member of the committee	Member of the committee	Attended

**Table 2.5: Mandatory quarterly meetings for the 2012/2013 financial year**

Meeting	First Meeting	Second Meeting	Third Meeting	Fourth Meeting
<b>Agenda Items</b>				
1.	Confirmation and signing of previous minutes: APAC meeting held on 29 June 2012	Confirmation and signing of previous minutes: APAC meeting held on 24 August 2012	Confirmation and signing of previous minutes: APAC meeting held on 15 November 2012	Confirmation and signing of previous minutes: APAC meeting held on 27 May 2013
2.	Matters arising from the previous minutes: Register of resolutions	Matters arising from the previous minutes: Register of resolutions	Matters arising from the previous minutes: Register of resolutions	Matters arising from the previous minutes: Register of resolutions
3.	2011/12 AFS	Progress towards clean administration: Auditor-General's latest dashboard report	Approval and signing of the 2012/13 internal auditing plan	Second-quarter internal audit report on the performance management system
4.	Financial management reports	Regular, quarterly APAC reporting to the Exco and Council	Second-quarter internal audit report on the performance management system	Internal audit report on supply-chain management
5.	Performance management, quarterly reviews and portfolios of evidence/ new IDP/PMS manager	Financial management reports	IC Solutions: work on the audit-readiness of the 2012/13 PMS and preparation of a comprehensive 2013/14 IDP/SDBIP/PMS; status of the 2013/14 MTREF budget	Internal audit report on records management
6.	Internal auditor's report on implementation of the audit plan	2012/13 risk assessment	Submission of the audit committee's report to Exco on 21 May and to Council on 30 May	Register of commitments made towards clean audits and clean administration (audit action-plan)



Meeting	First Meeting	Second Meeting	Third Meeting	Fourth Meeting
<b>Agenda Items</b>				
7.	Date, time and venue for next meeting	Performance management, quarterly reviews and portfolios of evidence	Enterprise Risk Management and risk assessment planned for 28 and 29 May 2013	2013/14 risk assessment to be completed on 6 and 7 August 2013
8.	-	Internal auditor's report on implementation of the audit plan	Dashboard report to 31 March (progress towards clean administration)	2012/13 AFS readiness (7/8/13 for 31/8/13)
9.	-	Auditor-General's draft management report on the 2011/12 audit	Status of the 2011/12 annual report and oversight report	2012/13 annual report readiness (7/8/13 for 31/8/13)
10.	-	Date, time and venue for next meeting	Progress on the audit action plan	Internal auditor's report on implementation of the audit plan
11.	-	-	2012/13 AFS readiness (31/8/13)	May 2013 financial management report
12.	-	-	AG's 2011/12 audit report	Date, time and venue for next meeting
13.	-	-	2012/13 annual report readiness (31/8/13)	-
14.	-	-	Internal auditor's report on implementation of the audit plan	-
15.	-	-	April financial management report	-
16.	-	-	Date, time and venue for next meeting	-

## SECRETARIAT

### Scheduled Meetings for July 2012 to June 2013 Financial Year

**Table 2.6: Council Meeting – attendance of Council Members**

No.	Member of Committee	Number of Meetings Attended	Number of Meeting Not Attended	Number of Meeting Scheduled
1.	Cllr. S.W. Mtolo	7	0	7
2.	Cllr. B.C. Mncwabe	3	4	7
3.	Cllr. S.T. Dlamini	5	2	7
4.	Cllr. S.S.Ngubo	7	0	7
5.	Cllr. B. Thabethe	7	0	7
6.	Cllr. C.B. Kunene	5	2	7
7.	Cllr. V.E. Mncwabe	5	2	7
8.	Cllr. P.S. Msomi	4	3	7
9.	Cllr. M.C. Cekwane	2	5	7
10.	Cllr. T.A. Zikode	6	1	7
11.	Cllr. N.P. Luzulane	5	2	7
12.	Cllr. A.N. Dlamini	7	0	7
13.	Cllr. M.W. Mtolo	7	0	7
14.	Cllr. P.P. Shange	5	2	7
15.	Cllr. S.V. Zulu	6	1	7
16.	Cllr. H.A. Ngcobo	7	0	7
17.	Cllr. S.J. Bhengu	7	0	7
18.	Cllr. N.G. Mbatha	7	0	7
19.	Cllr. S.E. Dlamini	6	1	7
20.	Cllr. R.S.K. Mlotshwa	7	0	7
21.	Cllr. B.C. Nzimande	7	0	7
22.	Cllr. F.M. Makhanya	7	0	7

**Table 2.7: Special Council Meeting – attendance of Council Members**

No.	Member of Committee	Number of Meetings Attended	Number of Meeting Not Attended	Number of Meeting Scheduled
1.	Cllr. S.W. Mtolo	7	0	7
2.	Cllr. B.C. Mncwabe	6	1	7
3.	Cllr. S.T. Dlamini	7	0	7
4.	Cllr. F.M. Makhanya	4	3	7
5.	Cllr. S.S. Ngubo	7	0	7

6.	Cllr. B. Thabethe	7	0	7
7.	Cllr. C.B. Kunene	6	1	7
8.	Cllr. V.E. Mncwabe	6	1	7
9.	Cllr. P.S. Msomi	6	1	7
10.	Cllr. M.C. Cekwane	3	4	7
11.	Cllr. T.A. Zikode	5	2	7
12.	Cllr. N.P. Luzulane	6	1	7
13.	Cllr. A.N. Dlamini	7	0	7
14.	Cllr. M.W. Mtolo	7	0	7
15.	Cllr. P.P. Shange	2	5	7
16.	Cllr. S.V. Zulu	6	1	7
17.	Cllr. H.A. Ngcobo	6	1	7
18.	Cllr. S.J. Bhengu	5	2	7
19.	Cllr. N.G. Mbatha	7	0	7
20.	Cllr. S.E. Dlamini	7	0	7
21.	Cllr. R.S.K. Mlotshwa	6	1	7
22.	Cllr. B.C. Nzimande	6	1	7

**Table 2.8: Executive Committee Meeting – attendance of Council Members**

No.	Member of Committee	Number of Meetings Attended	Number of Meeting Not Attended	Number of Meeting Scheduled
1.	Cllr. N.P. Luzulane	4	1	5
2.	Cllr. S.V. Zulu	5	0	5
3.	Cllr. P.S. Msomi	3	2	5
4.	Cllr. H.A. Ngcobo	5	0	5

**Table 2.9: Special Executive Committee Meeting – attendance of Council Members**

No.	Member of Committee	Number of Meetings Attended	Number of Meeting Not Attended	Number of Meeting Scheduled
1.	Cllr. N.P. Luzulane	4	0	4
2.	Cllr. S.V. Zulu	4	0	4
3.	Cllr. P.S. Msomi	4	0	4
4.	Cllr. H.A. Ngcobo	4	0	4

**Table 2.10: Finance Committee Meeting – attendance of Council Members**

No.	Member of Committee	Number of Meetings Attended	Number of Meeting Not Attended	Number of Meeting Scheduled
1.	Cllr. N.P. Luzulane	9	2	11
2.	Cllr. F.M. Makhanya	9	2	11
3.	Cllr. S.S. Ngubo	11	0	11

**Table 2.11: Corporate and Special Programme Committee Meeting – attendance of Council Members**

No.	Member of Committee	Number of Meetings Attended	Number of Meeting Not Attended	Number of Meeting Scheduled
1.	Cllr. N.P Luzulane	9	0	9
2.	Cllr. T.A. Zikode	7	2	9
3.	Cllr. B.C. Mncwabe	6	3	9
4.	Cllr. P.P Shange	6	3	9
5.	Cllr. S.S Ngubo	9	0	9
6.	Cllr. H.A. Ngcobo	5	4	9
7.	Cllr. B.C. Nzimande	4	5	9

**Table 2.12: Social Development and Sport Committee Meeting – attendance of Council Members**

No.	Member of Committee	Number of Meetings Attended	Number of Meeting Not Attended	Number of Meeting Scheduled
1.	Cllr. P.S. Msomi	8	0	8
2.	Cllr. B. Thabethe	5	3	8
3.	Cllr. C.B. Kunene	7	1	8
4.	Cllr. S.E. Dlamini	6	2	8
5.	Cllr. M.C. Cekwane	6	2	8
6.	Cllr.S.T. Dlamini	7	1	8
7.	Cllr. N.G. Mbatha	6	2	8

**Table 2.13: Labour Forum Committee Meeting – attendance of Council Members**

No.	Member of Committee	Number of Meetings Attended	Number of Meeting Not Attended	Number of Meeting Scheduled
1.	Cllr. N.P. Luzulane	1	0	1

**Table 2.14: Infrastructure, Development Planning Committee Meeting – attendance of Council Members**

No.	Member of Committee	Number of Meetings Attended	Number of Meeting Not Attended	Number of Meeting Scheduled
1.	Cllr. S.W. Mtolo	6	1	7
2.	Cllr. S.V. Zulu	6	1	7
3.	Cllr. A.N. Dlamini	6	1	7

4.	Cllr. V.E. Mncwabe	7	0	7
5.	Cllr. S.J. Bhengu	5	2	7
6.	Cllr. R.S.K. Mlotshwa	7	0	7
7.	Cllr. F.M. Makhanya	3	4	7

# CHAPTER 3

## PERFORMANCE HIGHLIGHTS

**Office of the Municipal Manager**

**Budget and Treasury Office**

**Infrastructure Planning and Development**

**Community Services**

**Corporate Service**

## Performance Highlights

### OFFICE OF THE MUNICIPAL MANAGER

#### Performance Highlights

The 2013/2014 IDP was tabled and adopted by Council on 30 May according to Mayor's instruction. The SDBIP per department for 2013/2014 has been thoroughly workshopped among stakeholders from the public, the administration and political principals. It has been significantly improved upon from the prior year. It was adopted together with the IDP.

MM has been proactive in resolving PMS reporting challenges in the second half of the year. The timely submission of this very 2012/2013 Performance Report attests to that.

#### Strategic Planning Workshop

During the current financial year, Ingwe Local Municipality undertook number activities to ensure that the strategic planning process is undertaken in time and in compliance with the Municipal Systems Act and the Municipal Finance Management Act.

Table 3.1 Strategic Planning Workshop

No.	Details	Attendees	Venue	Date
1.	PMS	EXCO & Leadership support	Drankensburg Gardens	27 <sup>th</sup> Jan – 01 Feb 2013
2.	Budget	MANCO, EXCO, Leadership support	Ballito	17 <sup>th</sup> – 20 <sup>th</sup> March 2013

#### Performance Management

Ingwe Local Municipality has in place a Performance Management Policy. During the year under review, all Managers (Section 57) were assessed immediately after the end of financial year (2012/2013).

#### Bonuses

None of the Section 57 Managers have achieved a favourable rating of more than 130% hence, there were no bonuses paid to the Managers respectively.

#### Special Programmes

During the year, Ingwe Local Municipality held a number of events and programmes specifically for previous disadvantage groups i.e. women, disable, old age, and youth.

**Table 3.3: Special Programmes during 2012/2013 financial years**

No.	Priority Group	Date	Details	Venue	Number of Attendees
1.	Girl Children	02 August 2012	Take a girl child to work	Bulwer Hall	400
2.	Senior Citizens	08 August 2012	Senior Citizens Day Celebration	Creighton Sport Fields	300
3.	Disabled	26 November 2012	Disabled day	Bulwer Hall	500
4.	All	04 December 2012	Aids Day	Sandanezwe Hall	500
5.	Learners	16-23 January 2013	Back to school campaign for school that formed the top ten for Ingwe Municipality.	Pholela high school, Ngonyama High School, Mandadla high School, Masamini High School, Centocow High School, Leshman High School, Mdingi High School, Ndabisekhaya High School, Dlangani High School and Sonyongwana High School.	More or less 5000
6.	Matriculates	30 January 2013	Matric awards for top 20 learners during 2012 Matric year.	Bulwer Hall	300
7.	Youth	10 February 2013	Youth Indaba	Bulwer arts centre	500
8.	learners	11- 13 March 2013	Back to school for schools that were the worst during 2012 matric year.	Mahlahla, Madulini, Skoffil and AMAKHUZE High School	
9.	Women	06 April 2013	Phila ma Campaign	Zidweni Hall	2000
10.	Football Coaches	01 June 2013	Soccer Coaching seminars	Creighton Sports Field	45
11.	Youth in Sport	08-29 June 2013	Mayors Cup tournament	All wards : Finals at Creighton	About 6000

## Public Participation

As consultative and participatory local government, Ingwe Local Municipality as afforded all citizens with the avenues for open and meaningful participation. Transparency and communication of information was provided through local newspapers and public notices at the various strategic locations. The Ward Committees members and Community Development Workers form the basis for ensuring effective interaction and communication between the municipality and people.

Table 3.4 IDP/Budget Roadshows

Ward	Venue	Date	Time
1.	Zidweni Hall – Ward 01	16 April 2013	10:00
2.	Khukhulela Hall – Ward 02	17 April 2013	10:00
3.	Mnqundekweni – Ward 03	18 April 2013	10:00
4.	Sonyongwana Hall – Ward 04	19 April 2013	10:00
5.	Junction Hall – Ward 05	22 April 2013	10:00
6.	Sandanezwe Hall – Ward -06	23 April 2013	10:00
7.	Ncwadi Hall – Ward 07	24 April 2013	10:00
8.	Mphithini Hall – Ward 08	25 April 2013	10:00
9.	Bhambatha Hall – Ward 09	26 April 2013	10:00
10.	Nkelabantwana Hall – Ward 10	29 April 2013	10:00
11.	Mjila Hall – Ward 11	30 April 2013	10:00

### Internal Audit and Risk Management

The municipality is expected to conduct an annual assessment of its risks and prepare plans to address risks identified. During the year under review, the risk assessment was conducted by the KZN Provincial Treasury.

For the period under review, the Accounting Officer is satisfied that the internal controls in place are sufficient to deal with all risks identified.



## **BUDGET AND TREASURY OFFICE**

### **Performance Highlights**

Detailed information of performance highlights and challenges is captured in Chapter 5 of the document (Service Deliver Information).

- A-G report that was unqualified.

Furthermore, cash flow management and an aggressive investment strategy allowed Ingwe to accrue more interest returns than ever before – to the tune of an additional R1 million.

Despite the fact that CFO could not chair the bid adjudication committee for the first half of the year (because the role of Acting MM precluded it), the department managed to reduce SCM turn-around times to quite remarkably short periods. Under discussion of IPD hereunder it should be remembered too that the incoming MM has made a significant contribution to ensuring that service delivery is not ham-strung by procurement delays.

Given too that the amount of consultation and prior groundwork to place draft and final budgets for 2013/2014 before decision makers is considerable, that these deadlines were met well within prescribed timeframes – represents extraordinary achievement from employees of the municipality who were always willing to go the extra mile.

Exemplary performance on the Asset Management function requires highlighting. In previous years at Ingwe this KPI was sorely neglected and attracted A-G query. The department managed, quarter by quarter during the reporting period under review, to turn-around the potential disclaimer on Asset Management to a point where confidence is inspired.

### **Expenditure Management**

Details of the Expenditure for the year are captured in the Annual Financial Statements

### **Revenue Management**

Details of the Revenue collected for the year are captured in the Annual Financial Statements

### **Budgeting, Reporting and Compliance**

The budget is prepared in accordance with the relevant regulations and takes into account the priorities of the IDP. The tariff increases and capital expenditure programmes are realistic to ensure financial sustainability of the municipality.

Table 3.6: Reports and Returns submitted from July 2012 to June 2013

Details	Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	Jun 2013
	M01	M02	M03	M04	M05	M06	M07	M08	M09	M10	M11	M12
S71 Monthly Reports	10 Aug 2012	10 Sept 2012	10 Oct 2012	09 Nov 2012	10 Dec 2012	11 Dec 2012	08 Feb 2013	08 Mar 2013	10 Apr 2013	10 May 2013	07 June 2013	12 July 2013
MFMA Monthly Returns												
AC	09 Aug 2012	13 Sept 2012	11 Oct 2012	20 Nov 2012	12 Dec 2012	15 Jan 2013	08 Feb 2013	15 Mar 2013	30 Apr 2013	21 May 2013	06 June 2013	12 July 2013
AD	09 Aug 2012	13 Sept 2012	11 Oct 2012	20 Nov 2012	12 Dec 2012	15 Jan 2013	08 Feb 2013	15 Mar 2013	30 Apr 2013	21 May 2013	06 June 2013	12 July 2013
OSA	09 Aug 2012	13 Sept 2012	11 Oct 2012	20 Nov 2012	12 Dec 2012	15 Jan 2013	08 Feb 2013	15 Mar 2013	30 Apr 2013	22 May 2013	20 June 2013	15 July 2013
FMG	09 Aug 2012	13 Sept 2012	11 Oct 2012	20 Nov 2012	12 Dec 2012	15 Jan 2013	18 Feb 2013	15 Mar 2013	30 Apr 2013	21 May 2013	06 June 2013	12 July 2013
MSIG	09 Aug 2012	13 Sept 2012	11 Oct 2012	20 Nov 2012	12 Dec 2012	30 Jan 2013	18 Feb 2013	15 Mar 2013	30 Apr 2013	23 May 2013	06 June 2013	15 July 2013
CFA	09 Aug 2012	13 Sept 2012	11 Oct 2012	20 Nov 2012	12 Dec 2012	15 Jan 2013	08 Feb 2013	15 Mar 2013	30 Apr 2013	22 May 2013	25 June 2013	15 July 2013
CAA	09 Aug 2012	13 Sept 2012	11 Oct 2012	20 Nov 2012	12 Dec 2012	15 Jan 2013	08 Feb 2013	15 Mar 2013	30 Apr 2013	22 May 2013	20 June 2013	12 July 2013
INEG	09 Aug 2012	13 Sept 2012	11 Oct 2012	20 Nov 2012	12 Dec 2012	15 Jan 2013	18 Feb 2013	15 Mar 2013	30 Apr 2013	21 May 2013	06 June 2013	12 July 2013
MIG	09 Aug 2012	13 Sept 2012	11 Oct 2012	20 Nov 2012	12 Dec 2012	15 Jan 2013	18 Feb 2013	15 Mar 2013	30 Apr 2013	21 May 2013	06 June 2013	12 July 2013
MFMA Quarterly Returns			Q1			Q2			Q3			Q4
BM												
LTC						18 Jan 2013						
MFMI						18 Jan 2013						

ME						18 Jan 2013						
MFMA Six Monthly Returns												
COM												
VAT Returns												

### Bids Awarded 2012/2013

The tenders comply with the MFMA Regulations and the implemented Supply Management Policy is in line with National Treasury Regulations.

The bids that were awarded and approved by the Adjudication Committee of Ingwe Local Municipality during the 2012/2013 financial year are listed in Table 3.7

**Table 3.7: Bids awarded and approved during 2012/2013**

<u>BID NO.</u>	<u>DESCRIPTION</u>	<u>SERVICE PROVIDER</u>	<u>DATE AWARDED</u>	<u>VALUE</u>
IPD- 01/12/13	Supply and delivery of Cars	Key Truck and Car PMB (Pty) Ltd		R 614,752.81
CORP-05/12/13	Integrated Human Resource and Payroll	Pay Day Software (Pty)Ltd		R 145,462.77
BTO-06/12/13	Valuation Roll	North West Valuation Roll		R 1,627,950.00
COM-08/12/13	Disaster and Recovery Plan	Ocean Crest		R 164,000.00
COM-09/12/13	Youth Development Plan	Going Places Construction		R 118,000.00
MM-11/12/13	Supply and delivery of Office Furniture	Alpha Office Furniture		R 95,532.00
IPD-11A/12/13	Construction of (Sokhela,Junction)	Rock Powerline Electrical		R 7,619,624.20
IPD/JNB/12/13	Construction-Electrification of Tarrs'Valley	Rock Powerline Electrical		R 2,249,381.77
IPD/JNC/12/13	Construction -Mahwaqa, Qulashe, Ntokozweni	A1 Electrical		R 7,704,113.16
COM-12/12/13	Training of Ward Committes	Umqondo Consultancy		R 159,600.00
IPD-13/12/13	Construction of Mwaneni Comm Hall	Fatty's Building and Civil		R 1,576,026.00
1PD-14/12/13	Construction Sokhela Comm Hall	Mandlis Business Enterprise		R 1,977,889.50

IPD- 15/12/13	Construction Lubomvana Comm Hall	Zamokwakhe Construction		R 1,890,162.41
IPD-16/12/13	Tafuleni Community Hall	Mabhude Contractors		R 1,915,247.49
IPD-17/12/13	Xosheyakhe Community Hall	Mabhude Contractors		R 1,894,493.79
IPD-18/12/13	Supply and Delivery of one Parkhome	Park Home Modular Unit		R 288,990.00
CORP-19/12/13	Supply and Delivery of Councillors and Staff diaries	Dikwe Trading		R 50,000.00
IPD-20/12/13	Supply and renovation of LED offices	Belebele Construction Services		R 93,900.00
IPD-22/12/13	Renovations for Hlabeni Community Hall	Zenyuse Construction		R 70,110.00
IPD-23/12/13	Supply and Installation of Windows-Bhambatha	Lunentobeko Construction		R 86,092.80
IPD-24/12/13	Consultant -Renovation of Traffic Office	R&B Project Managers		R 126,000.00
1PD-25/12/13	Consultant -Masameni community hall	Shardesh Sewalal and Associates		R 199,500.00
IPD-26/12/13	Supply and Installation of Junction Tiles	Celani Civils		R 41,176.80
IPD-27/12/13	Supply and Installation of Vehicle Parking	Robertson and Poole Construction		R 42,909.60
IPD-28/12/13	Supply and Installation of shelters (Nkwezela)			
IPD-29/12/13	Supply and Delivery of protective clothing	Speirs Hygiene and Safety		R 83,900.91
IPD-30/12/13	Supply and delivery of Brush cutters	PMB Power Products		R 75,000.00
IPD-31/12/13	Maintanance of Air conditioners	Ubhaqa Air Conditioning		Contract
IPD-33/12/13	Supply, Install of Marquee and provide catering , Mobile Toilets	KwaNdaboy Trading Enterprise		R 139,900.00
IPD-35/12/13	Construction of qulashe sportfield	DF Mahlawe Construction		R 2,232,040.30
IPD-36/12/13	Construction of siyaya Sportfield	Jeruel Roads and Civils		R 2,541,321.29
CORP-37/12/13	Renovations for House	B.I. Enterprise		R 43,052.00
CORP-38/12/13	Development and workshoping of Ingwe Offices	Finest Personnel		R 90,800.00
IPD-39/12/13	Construction of Diphini Access Road	Bhukua Nkwalenkosi Construction		R 1,258,513.77
IPD-40/12/13	Construction of Mdayane Access Road	Mabhude Contractors		R 1,567,688.10
MM-41/12/13	Supply and Delivery of Mayor's Cups	Vuyie Xolie Construction and Civil		R 48,500.00

MM-42/12/13	Supply of Marques,Sound Systems	Ndile Productions CC		R 150,000.00
MM-42/12/13	Supply and Delivery of Branded Bath Towels	Eyethumvemve Service Trading		R 67,000.00
MM-43/12/13	Catering for Senior Citizens	Isinamuva Catering		R 50,000.00
IPD-43/12/13	Construction of Bulwer Asphalt surface Road	Zamokwakhe Construction		R 6,524,668.48
CORP-44/12/13	Compilation of Ingwe News Letters	Luandi Media Markerting		R 59,895.00
COMM-45/12/13	Supply and Delivery of Kwa-Naloga Games	Inkotha Agencies CC		R 31,585.80
MM-46/12/13	Catering for Disability Day	Mdamuza Trading and Projects		R 40,000.00
COMM-46/12/13	Supply and Delivery of Woodchipper	Ritlee Xecutech Sales and Services		R 5,737,695.06
IPD - 47/12/13	Renovations and partitioning of offices (Garages)	Bo & Tha Transport		R 256,608.30
COMM-48/12/13	Supply and delivery of Gift packs (Disability day)	Big D's Services		R 58,000.00
IPD-50/12/13	Consultant-Ngwagwane, Glen-maize, wood dursts sports fields	MCJ Engineers		R 379,722.60
IPD -51/12/13	Consultant-Butho, Mahohoho sportsfield and Nkwezela Stadium phase 2	ZML Engineers		R 566,884.00
IPD-52/12/13	Consultant-Mbewane and Seaford Access Road	MMK Engineers		R 308,461.00
CORP-53/12/13	Supply and Delivery of Laptops	Waltons Pty Ltd		R 64,660.00
COM-54/12/'13	Training for Twenty two cateres	Interseve Tourism Solution		R 71,500.00
MM-55/12/13	Design and Supply of Calendars	City Printing Works		R 29,996.82
IPD-56/12/13	Repairs and maintainance of Out door machinery	Pietermaritzburg Power Products cc		CONTRACT
COM-57/12/13	Consultant for Investigation and Developing biomass plant	Royal Haskonningdhv		R 995,340.00
COMM-59/12/13	Develop Booklet for Gerald Bhengu & Museum	Inspired Vision - Graphics Design CC		R 72,950.00
MM-60/12/13	IDP Consultant	ICS Solutions		R 196,764.00
BTO-61/12/13	Design and Printing of Annual Report	Amano Trading CC		R 49,500.00
CORP-62/12/13	Cell phones	MTN Services		CONTRACT
IPD-62/12/13	Construction of Masamini Community Hall	Lunentobeko Construction		R 2,576,446.45

COMM-63/12/13	Building of Piggery Cottage	Siqondile Trading Enterprise		R 193,007.01
COMM-65/12/13	Repairs of Wood Chipper	Rittlee Xecutech Sales and Saervices		R 87,895.00
COMM-68/12/13	Supply and Delivery of Fire Arms	Sewels Sport CC		R 97,920.00
IPD-69/12/13	Construction of Vulingqondo Community Hall	Mandlis Business Enterprise		R 2,645,989.31
IPD-70/12/13	Construction of Magqubeni Community Hall	Ngena Nawe Trading 5 cc		R 2,490,382.44
IPD-73/12/13	Supply and Install Steel Palisade fencing	Bo & Tha Transport		R 179,903.40
CORP-74/12/13	Training of Councillors (Computer)	Varsity College		R 65,780.00
MM-76/12/13	CPMD Training	Regent		R 155,400.00
FIN-77/12/13	Consultant to reconcile the asset and asset register	Linkages Consulting		R 197,790
COM-78/12/13	Supply and delivery of building material (Mbodleni Piggery)	Amancwabane Trading Enterprise		R 99,178.60
MM-78/12/13	CPMD Training	Regent		R 155,400.00
IPD-79/12/13	Facilitation of Supply Chain Management Training	Profounder Intelligence Management		R 51,282.90
MM-80/12/13	Supply delivery of Sports Equipment	Inkotha Agencies CC		R 193,699.50
IPD-80/12/13	Consultant for Mpegwana, Phungula and Ntakama Access Road	MMK Engineers		R 528,960
IPD-81/12/13	Consultant for Mandawe, Bhidla Roads & Nkwezela Hall	Shardesh Sewalal and Associates		R 485,640

**Table 3.8: Meeting of the various Bid Committees**

No.	Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
1.	6 <sup>th</sup> July 2012	16 <sup>th</sup> July 2012	06 <sup>th</sup> July 2012
2.	9 <sup>th</sup> July 2012	17 <sup>th</sup> July 2012	10 <sup>th</sup> August 2012
3.	13 <sup>th</sup> July 2012	18 <sup>th</sup> July 2012	28 <sup>th</sup> August 2012
4.	16 <sup>th</sup> July 2012	07 <sup>th</sup> August 2012	12 <sup>th</sup> September 2012
5.	30 <sup>th</sup> July 2012	21 <sup>st</sup> August 2012	29 <sup>th</sup> September 2012
6.	8 <sup>th</sup> August 2012	19 <sup>th</sup> September 2012	26 <sup>th</sup> October 2012
7.	14 <sup>th</sup> August 2012	20 <sup>th</sup> September 2012	03 <sup>rd</sup> December 2012
8.	3 <sup>rd</sup> September 2012	25 <sup>th</sup> September 2012	09 <sup>th</sup> December 2012
9.	4 <sup>th</sup> September 2012	09 <sup>th</sup> November 2012	10 <sup>th</sup> January 2013
10.	20 <sup>th</sup> September 2012	13 <sup>th</sup> December 2012	17 <sup>th</sup> January 2013

11.	15 <sup>th</sup> October 2012	10 <sup>th</sup> January 2013	24 <sup>th</sup> January 2013
12.	23 <sup>rd</sup> October 2012	14 <sup>th</sup> January 2013	29 <sup>th</sup> January 2013
13.	24 <sup>th</sup> October 2012	22 <sup>nd</sup> January 2013	07 <sup>th</sup> February 2013
14.	26 <sup>th</sup> October 2012	23 <sup>rd</sup> January 2013	21 <sup>st</sup> February 2013
15.	29 <sup>th</sup> November 2012	25 <sup>th</sup> January 2013	07 <sup>th</sup> March 2013
16.	30 <sup>th</sup> November 2012	20 <sup>th</sup> February 2013	08 <sup>th</sup> April 2013
17.	31 <sup>st</sup> November 2012	02 <sup>nd</sup> March 2013	25 <sup>th</sup> April 2013
18.	2 <sup>nd</sup> December 2012	06 <sup>th</sup> March 2013	09 <sup>th</sup> May 2013
19.	3 <sup>rd</sup> December 2012	13 <sup>th</sup> March 2013	06 <sup>th</sup> June 2013
20.	4 <sup>th</sup> December 2012	24 <sup>th</sup> April 2013	27 <sup>th</sup> June 2013
21.	10 <sup>th</sup> December 2012	25 <sup>th</sup> June 2013	
22.	12 <sup>th</sup> December 2012	26 <sup>th</sup> June 2013	
23.	12 <sup>th</sup> January 2013		
24.	15 <sup>th</sup> January 2013		
25.	22 <sup>nd</sup> January 2013		
26.	30 <sup>th</sup> January 2013		
27.	1 <sup>st</sup> February 2013		
28.	13 <sup>th</sup> February 2013		
29.	28 <sup>th</sup> February 2013		
30.	1 <sup>st</sup> March 2013		
31.	14 <sup>th</sup> March 2013		
32.	5 <sup>th</sup> April 2013		
33.	18 <sup>th</sup> April 2013		
34.	7 <sup>th</sup> May 2013		
35.	17 <sup>th</sup> May 2013		
36.	17 <sup>th</sup> June 2013		
37.	21 <sup>st</sup> May 2013		

## INFRASTRUCTURE, PLANNING AND DEVELOPMENT

Detailed information of performance highlights and challenges is captured in Chapter 6 of the document (Service Delivery Information).

Projects for which success was recorded include:

- Xosheyakhe Community Hall
- Mdayane Access Road
- Tars Valley Electrification
- Greater Junction Electrification and
- Vehicle Parking Cover in Bulwer's municipal facilities.

### Project Management Unit and Civil Engineering

Ingwe Local Municipality continues to invest in infrastructure through development and maintenance to ensure that the basic needs of the people are met. Roads including community facilities, including halls and sport facilities, have been constructed, upgraded and maintained.

**Table 3.9: Infrastructure, Planning and development projects during 2012/13 financial year**

No.	Name of Project	Number of Units	Value of Projects	Status of Project
1.	Diphini Access Roads	1.1 km	R1 258 513.77	90% Complete
2.	Mdayane Access Roads	2.8 km	R1 567 688.10	Practical Complete
3.	Xosheyakhe Community Hall	1	R1 894 493.79	Practical Complete
4.	Sokhela Community Hall	1	R2 175 678.45	75% Complete
5.	Vulingqondo Community Hall	1	R2 645 989.31	30% Complete
6.	Lubomvana Community Hall	1	R2 079 178.65	55% Complete
7.	Dazini Community Hall	1	R2 576 446.45	The Contractor has established on site
8.	Siyaya Sport Field	1	R2 541 321.29	90% Complete
9.	Qulashe Sport Field	1	R3 987 627.76	98% Complete
10.	Tars Valley Electrification	241	R2 406 389.41	100 Complete
11.	Greater Junction Electrification	883	R9 196 945.25	Practical Complete
12.	Vehicle Parking Cover in Bulwer's municipal facilities	2	R42 909.60	Completed

### Housing



The housing needs are being addressed through integrating human settlement development with associated infrastructure. Although a backlog across all segments of the market continues to build pressure, priority has been given to rural housing development.

**Table 3.10: Planning and development housing projects during 2012/13 financial year**

No.	Name of Project	Number of Units	Value of Projects	Status of Project
1.	Zidweni Housing Project	500	R35 552 500. 00	179 Houses Completed
2.	Boarderview Housing Project	500	R36 848 751. 00	1 House Completed
3.	Manzamnyama Housing Project	500		DOHS is finalizing the Contract
4.	Bhidla Housing Project	500		DOHS is finalizing the Contract
5.	Tar's Valley Housing Project	227	R8 335 065. 00	I'A is finalizing the PDA
6.	Ngcobos Housing Project	160 (Approved Subsidies)	R2 718 800. 00	I'A is finalizing the PDA

### Planning and Development

All development applications received were assessed in terms of Planning and Development Act, Act No.6 of 2008.

### Development Applications

**Table 3.11: Breakdown of development applications that were processed - 2012/13 financial years**

Detail	Development Facilitation Act (DFA)	Rezoning	Subdivision & Consolidation	Special Consent	Relaxation	Road Closure	Development situated outside the scheme
Received	0	0	2	0	0	0	3
Approved	0	0	1	0	0	0	2
Pending	0	0	1	0	0	0	1

### Building Control

**Table 3.12: Building Plans dealt with during 2012/13 financial year**

Description	Additions and alterations	New Dwellings	Granny Flats and Outbuildings	Boundary Walls	Flats	Others	Total
Submitted	3	2	-	-	-	8	13

Approved	-	<b>2</b>	-	-	-	<b>5</b>	<b>7</b>
Not Approved	<b>3</b>	-	-	-	-	<b>3</b>	<b>6</b>

**Table 3.13: Waste Management**

<b>Details of Places</b>	<b>Collection per First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Total</b>
Bulwer & Hlanganani	168	168	168	168	<b>672</b>
Creighton	168	168	168	168	<b>672</b>
Donnybrook	84	84	84	84	<b>336</b>
St Appolonaris Hospital	84	84	84	84	<b>336</b>
<b>Total</b>	<b>504</b>	<b>504</b>	<b>504</b>	<b>504</b>	<b>504</b>

## COMMUNITY SERVICES

### Preamble

Responsible for twenty-six KPIs in Ingwe's OPMS, the responsible department has been on target for nineteen (73%). The balance of failure to meet target has been mostly deadline issues with significant progress achieved against target. Good Governance has been the national KPA for which this department has assumed predominant responsibility.

Typical of small rurally based municipalities in KZN, Ingwe remains under resourced to fulfil its mandate and any challenges to meet their 2012/2013 annual performance targets, have as much to do with human resource capacity constraints as with factors outside the control of the department concerned. At Ingwe this department has shouldered responsibility for a range of services to the public that have included:

- Public Participation
- Poverty Alleviation (including provincial Operation Sukume Sakhe)
- Sports/Arts & Culture
- Libraries
- Local Economic Development (LED)
- Traffic control
- Special Projects and
- Disaster Management.

During the financial year (at mid-term) Special Projects were transferred to the Office of the Municipal Manager by which time campaigns around vulnerable groups had already been accomplished: women, youth, drug awareness and people with disabilities.

Concerning Public Participation the municipality has found ensuring ward committee functionality to be peculiarly difficult in the second half of the reporting period. Considering the function to be shared with the Office of the Speaker, the relative failure to meet targets needs to be contextualised within broader South African challenges in this regard. Nevertheless, selected members of ward committees have been trained and prospects are that in the forthcoming financial year these structures will be further empowered to fulfil their role as ward level plan development is targeted for all eleven wards.

The most obvious successes of the department have been around LED. Small entrepreneurs have been assisted in agriculture related endeavours (notably with piggeries and heifer projects as well as limited crop production). A bio-fuel project has met with inevitable delays around access to funds and sites to implement the initiative but progress has not been stopped. Tourism related goals might not all have been realised due to on-going debates around safety of Transnet train lines but the kind of discussions between the municipality and the railway authorities have not been in vain. The need for Sisonke Stimela carriage

stock was over estimated leading to revisions in planning being required during the reporting period – but resolution of differences appear imminent. Access to land in Donnybrook as well as the opportunity to purchase rental housing stock represents significant achievements for the department.

### Local Economic Development

**Table 3.14: Jobs created and support provided to emerging entrepreneurs during 2012/13 financial year**

No.	Name of Beneficiaries	Type of Support	Nature of Business	Total Number of Jobs created
1.	D. Ngcobo	Provision of mentorship	Dairy Farmer	2
2.	Caterers	Business Training	Catering	22
3.	Mbodleni Piggery	Feed , Pigs, Cottage	Piggery Project	09
4.	Kilmon Agri Coop	Garden Tools, Fence, Seed	Agricultural Project	06
5.	Creighton Dairies (Farmgate)	Permanent jobs	Long life milk factory	55
6.	Bhengu Gallery	Building Construction	Museum	42
<b>Total No. of Jobs Created</b>				<b>136</b>

### Public Participation

**Table 3.15: Ward Committee meetings held during 2012/13 financial year**

No.	Meeting Schedule	Actual Meeting Sat	Dates Meeting Held	Dates Meeting Held	Dates Meeting Held
Ward 1	4	3	16-08-2012	17-10-2012	04-04-2013
Ward 2	4	3	04-04-2012	01-08-2012	13-02-2013
Ward 3	4	2	17-08-2012	19-10-2012	
Ward 4	4	3	11-08-2012	16-11-2012	05-05-2013
Ward 5	4	3	15-08-2012	16-10-2012	06-02-2013
Ward 6	4	3	17-08-2012	15-10-2012	05-04-2013
Ward 7	4	3	11-09-2012	29-11-2012	22-02-2013 02-03-2013
Ward 8	4	3	06-09-2012	15-10-2012	16-05-2013
Ward 9	4	2	17-08-2012	10-10-2012	
Ward 10	4	1	12-09-2012		
Ward 11	4	2	29-08-2012	27-06-2012	
TOTAL	44	29			

### Community Halls

**Table 3.16: Income generated from use of community halls during 2012/12 financial year**

Description	Bulwer Hall	Creighton Hall	Total
Revenue Generated	<b>R35092.99</b>	<b>R1587.72</b>	<b>R36680.71</b>

## Cemeteries

**Table 3:17: Internments per quarter during 2012/13 financial year**

Details	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Indigents	<b>R14595.31</b>	<b>R14512.02</b>	<b>R37045.47</b>	<b>R29060.02</b>	<b>R95212.82</b>

## Library Services

**Table 3:18: Circulation of library material during 2012/13 financial year**

Material	Creighton Library	Bulwer Library
Books	<b>3 725</b>	<b>9374</b>
Periodicals	<b>104</b>	--
Audio books	<b>30</b>	--
Compact disks	<b>0</b>	--
DVD's	<b>23</b>	--
Total	<b>3 882</b>	<b>9374</b>

**3.19: Membership at library material during 2012/13 financial year**

Membership	Creighton Library	Bulwer Library
Adults	<b>185</b>	<b>330</b>
Youth	<b>36</b>	<b>68</b>
Juniors	<b>44</b>	<b>201</b>
Total	<b>265</b>	<b>599</b>

**Table 3.20: Financial implications arising from library activities during 2012/13 financial year**

Material	Creighton Library	Bulwer Library
Photocopying and printing	<b>R1 050</b>	<b>R3 200.40</b>
Lost books	<b>R67.47</b>	--
Total	<b>R1 117.47</b>	<b>R3 200.40</b>
Revenue generated	<b>R1 117.47</b>	<b>R3 200.40</b>

## Protection Services

**Table 3.21: Fines issued in terms of Section 341 and 56 notices during 2012/13 financial year**

Number Issued	Value
820	R599 675

### Disaster Management, Fire and Rescue Services

**Table 3.22: Breakdown of incidents dealt with during 2012/13 financial year**

Incident		Total
1.	Grass fires	01
2.	Motor vehicle accidents	64
3.	House fires	04
4.	Pedestrian accidents	02
5.	Vehicles on fire	05
6.	Pitching of tents	03
7.	Hydrants cleaned	01
8.	Other call outs	13
9.	Assessments for disaster interventions	06

## CORPORATE SERVICES

### Administration

In order to meet and implement the objectives of local government as enshrined in the Constitution of the Republic of South Africa, the administration of Ingwe Local Municipality has structured and organized systems in place.

### Fleet Management

**Table 3.23: Details of accidents as at 30 June 2013**

Date of Accident	Drivers Name	Dept	Vehicle Registration	Brief Description of Cause of Accident (Driver)	Estimated Damage as per Assessor	Status of Insurance
15/10/2012	BO Zulu	IPD	NIP 665	Front right wheel burst and the Vehicle slipped off the road.	R57 004,65	Insured
12/12/12	ZS Mtolo	Community	NIP 1904	Vehicle overturned while trying to avoid Cattle on the road.	R103 929,47	Insured
06/02/2013	SC Manyathi	Finance	NIP 1903	Hit another Vehicle while trying to avoid to be hit by another Vehicle at fault.	R50 854,05	Insured
27/02/2013	TI Sabelo	Corporate	NIP 1902	Vehicle collided with another Vehicle, the other party at fault.	R111 007,34	Insured
07/06/2013	LA Zuma	Mayor's Office	NIP 1901	Hit a cow on the road at night.	R39 057,68	Insured
27/06/2013	TI Sabelo	Corporate	NIP 700	Other Vehicle slipped from its lane to hit our Vehicle.	R21 309,78	Insured

**Table 3.24: Circulation of internal and external correspondence**

No.	Type of Document	Sub-function	Corp Serv	Fin Serv	Infr., Plan & Dev	Com Sev	MM Office	Political Offices		Total
								Mayor	Speaker	
1.	Internal Correspondence	To	10	16	13	10	12			61
		From	39			1	9	1		50
2.	External Correspondence	Incoming Mail	21	696	30	8	35			790
		Incoming Faxes	30	37	26	37	58	42	14	244
		Outgoing Mail	2	332	0	39	0	0	0	373
		Outgoing Faxes								
3.	Meeting Resolutions	Exco Circulated		1	1	3				5
		Exco Returned								
		Council Circulated	20	18	5	10	11			64
		Council Returned								

## Office Equipment

**Table 3.25: Office equipment leased as at 30 June 2013**

No.	Name of Company	Equipment	Department	Commence Date	Expire Date	Period	Status
1.	Nashua	Photocopier/fax	Corporate	1/9/2011	31/8/2016	60 months	current



## Information Communication Technology

### Fault Management

**Table 3.26: Fault attended to from July 2012 to June 2013**

Month	Number of faults	Corporate Services	Financial Services	Municipal Manager's Office	Community Services	Infrastructure, Planning and Development
July 2012						
August 2012						
September 2012						
October 2012	92	22	18	12	21	19
November 2012	99	23	20	17	25	14
December 2012	68	10	15	13	19	11
January 2013	101	21	19	24	20	17
February 2013	98	17	22	15	20	24
March 2013	102	23	18	25	19	17
April 2013	101	20	17	23	21	20
May 2013	95	15	19	17	23	21
June 2013	110	25	19	23	19	24
<b>TOTAL</b>	<b>866</b>	<b>176</b>	<b>167</b>	<b>169</b>	<b>187</b>	<b>167</b>

### Telephone Management

**Table 3.27: Telephone costs for the period July 2012 to June 2013**

Month	Phone Payments to Telkom	Fax Payment to Telkom
July 2012	R8681.12	R395.49
August 2012	R10132.85	R387.83
September 2012	R9116.90	R479.76
October 2012	R10511.69	R804.84
November 2012	R13250.00	R790.49
December 2012	R9795.65	R672.90
January 2013	R8694.60	R825.30
February 2013	R9784.60	R775.95
March 2013	R11174.30	R622.75
April 2013	R9056.05	R607.80
May 2013	R10452.40	R1172.05

June 2013	<b>R10883.85</b>	<b>R1409.45</b>
<b>TOTAL</b>	<b>R121 534. 01</b>	<b>R8 944. 61</b>

# CHAPTER 4

## HUMAN RESOURCES ORGANIZATIONAL STRUCTURE

**Human Resources: Organizational Structure**

**Organizational Structure**

**Strategic Objectives**

**Office of the Municipal Manager**

**Infrastructure Planning and Development**

**Community Services**

**Budget and Treasury Office**

**Corporate Services**

## Human Resources: Organizational Structure

### Introduction

The Municipal Manager is the head of the Municipal administration and is subject to the policy directions of the Council (in terms of MSA), the Municipal Manager is required to form and develop an economical, effective, efficient and accountable administration.

The employment of staff is subject to the Employment Equity Act, Act No.55 of 1998. The person appointed in any capacity must have the relevant skills and expertise to perform the duties associated with the post.

On an annual basis, councilors and employed staff are required to sign a Code of Conduct and Declaration of Financial interest.

Like most of the municipalities in a deep rural area Ingwe municipality has been faced with a challenge of non-representation of certain race and gender groups and the failure for employment opportunities to appeal to these groups.

### Human Resources

**Table 4.1: Total workforce / posts and employees with disabilities by race and gender for 2012/13**

Target Group: Race and Gender	Level of Representation: Required Workforce	Percentage of Workforce (%)	Level of Representation: Disability	Percentage of Workforce (%)
African Female	39	42	0	
African Male	47	51	2	100%
Coloured Female	1	1	0	0
Coloured Male	2	2	0	0
Indian Female	0	0	0	0
Indian Male	0	0	0	0
White Female	2	2	0	0
White Male	2	2	0	0
Total	93	100%	2	100%

**Table 4.2: Employment Equity for top management (Section 57) by race and gender for 2012/2013**

Target Group: Race and Gender	Level of Representation: Required Workforce	Percentage of Workforce (%)
African Female	2	25%
African Male	3	75%
Coloured Female	0	0%
Coloured Male	0	0%
Indian Female	0	0%
Indian Male	0	0%
White Female	0	0%
White Male	0	0%
<b>Total</b>	<b>5</b>	<b>100%</b>

**Table 4.3: Qualification profile for Leadership, Governance and Managers**

Personnel	Below NQF1	NQF 1	NQF 2	NQF 3	NQF 4	NQF 5	NQF 6	NQF 7	NQF 8
Mayor							1		
Councillors				10	2	5	4		
Municipal Manager								1	
Corporate Services								1	
Financial Services								1	
Community Services								1	
Infrastructure, Planning and Development							1		
Total	-	-	-	10	2	5	6	4	-

**Table 4.4: Skills profile of employees for 2012/13**

Description	Total Number	Total Percentage (%)	Total Trained	Gender		Budget Spent
				Males	Females	
Professionals	37		26			
Artisans/Technicians	4		3	3	1	
Unskilled	52		25			
Total	93		54	3	1	307 851.29

**Table 4.5: Qualification profile for Leadership, Governance and Managers**

Personnel	Below NQF1		NQF 1		NQF 2		NQF 3		NQF 4		NQF 5		NQF 6		NQF 7		NQF 8	
	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M
Professionals									7	10	11	10	8	5	3	0		
Artisans/Technicians													1	3				
Unskilled					1	2	5	9	5	11		1		1				

Total					1	2	5	9	12	21	11	11	9	9	3			
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**Table 4.6: Pension Fund Membership for 2012/13 financial year**

Date	SALA	Natal Joint Municipal Pension Fund	SAMWU	Government Employees Pension fund	Municipal Employees Pension Fund	Total
01 July 2012	-	89	-	-	-	89
30 June 2013	-	92	-	-	-	92

**Table 4.7: Medical Aid Membership for 2012/13 financial year**

Date	Bonitas	Key Health	SAMWUMED	LA Health	Hosmed	Total
01 July 2012	-	9	1	19	-	29
30 June 2013	-	10	2	20	-	32

**Table 4.8: Termination per Department for 2012/13 financial year**

Department	Resignations	Death	Dismissals	Other	Description of others	Total
Municipal Manager	1					1
Corporate Services						
Financial Services	1					1
Community Services						
Infrastructure, Planning and Development						
Total	2					2

**Table 4.9: Disciplinary Tribunal per Department as at June 2013**

Department	No. Of Cases	Cost Incurred/ Cost Recovery	Completed	Outstanding	Total
Municipal Manager	0		0	0	0
Corporate Services	0	0	0	0	0
Budget and Treasury Office	0	0	0	0	0
Community Services	0	0	0	0	0

Infrastructure, Planning and Development	1	0	1	0	1
Total	1	0	1	0	1

**Table 4.10: Termination per Department for 2012/13 financial year**

No.	Department		Post	Level
1.	Municipal Manager	1	IDP/PMS Manager	3
		1	Audit Intern	6
2.	Corporate Services	1	Payroll Clerk	7
3.	Financial Services	1	Cyber Cadet	7
4.	Community Services	1	Creighton Foreman	6
5.	Infrastructure, Planning and Development	1		
	<b>Grand Total</b>	<b>6</b>		

## Organizational Structure

To support and ensure the objectives of local government as enshrine in the Constitution of the Republic of South Africa are realized within the municipality, the administration is guided and directed by an impressive and dynamic leadership. Ingwe Local Municipality has been structured around the need to address the challenges and execute the functions delegated to it.

The operations of the municipality are administered and managed by five departments namely:

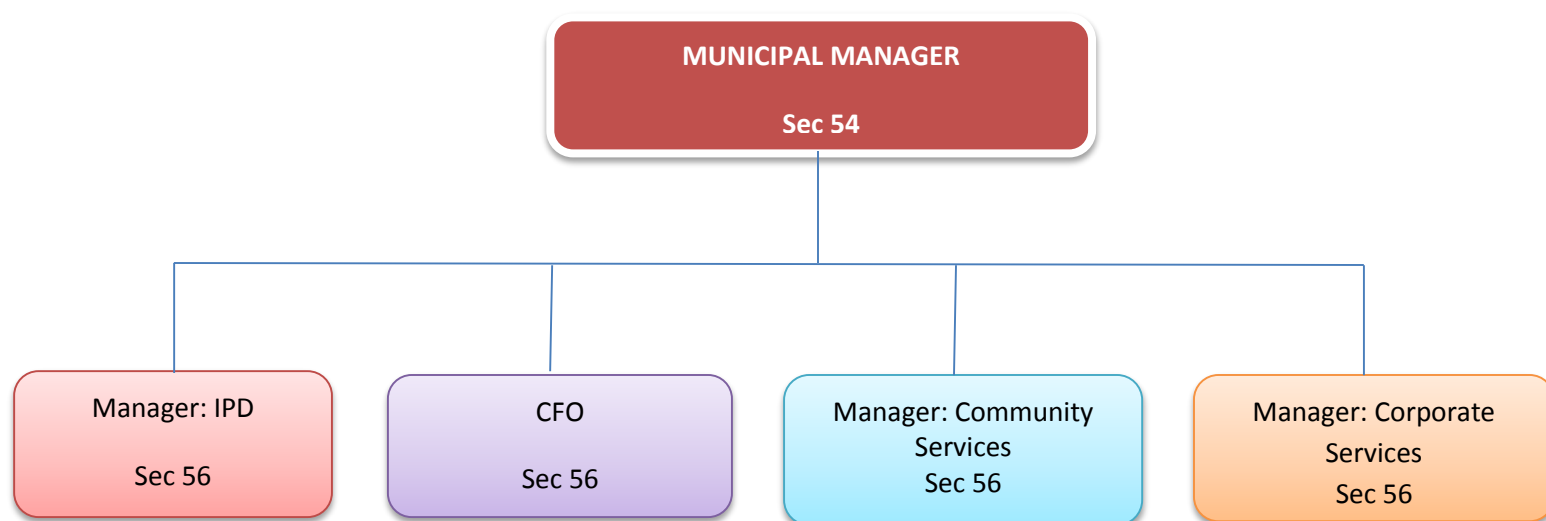
- Office of the Municipal Manager
- Department of Infrastructure & Planning Development;
- Department of Corporate and Social Development;
- Community Services and
- Budget and Treasury Office.

Each department is managed by a Departmental Head who is appointed in terms of Section 54 and 56 of the Local Government Municipal Systems Act. These departments ensure that:

- The goals and objectives set by Council are implemented;
- Key performance targets are achieved within the annual budget; and
- Excellent service is delivered to the community

The town planning services is currently under the Sisonke District Shared Services. There is Chief Planners who is currently stationed at Greater Kokstad Municipality servicing all the local municipalities within the District. There is also Senior Town Planner appointed through the auspices of the District Shared Services stationed at KwaSani Municipality and shared by both municipalities, KwaSani and Ingwe Municipalities.

### High Level Organizational Structure for Ingwe Local Municipality



Total number of posts on organogram is 99.

Table 4.11: Organogram as at 30 June 2012:

Department	Total No. of posts	Filled Posts	Funded Vacant Posts	Unfunded Vacant Post	Percentage of Vacant Posts
Municipal Manager	6	5	1	0	16
Corporate Services	18	16	2	0	11
Budget and Treasury	13	10	3	0	23
Community Services	17	17	0	0	0
Infrastructure Planning and Development	45	39	6	0	13

## Strategic Objectives

### Office of the Municipal Manager

#### 1. Strategic Planning and Intergovernmental Relations

Purpose is to provide strategic planning and intergovernmental relations:

- The facilitation of the annual Integrated Development Planning strategic planning process.
- The development of appropriate strategies to address the municipal KPA's.
- The development and implementation of an organizational performance management system.
- Monitoring and evaluation of the implementation of municipal programmes, policies and projects.
- The provision of IGR.

## **2. *Support to Political Office Bearers***

Purpose is to provide support services to the executive and political officer bearers:

- The provision of support services to political office bearers.

## **3. *Youth***

Purpose is to render youth, sports and recreation programmes:

- The management and co-ordination of activities related to youth.
- The identification, support and co-ordination of sporting activities within the Municipality.

## **4. *Special Programmes***

Purpose is to render special programmes:

- The management and co-ordination of activities related to children, disabled, aged, HIV/Aids, gender, women and other projects.
- The identification, support and co-ordination of activities related to the above groups within the Municipality.

## **5. *Internal Audit and Risk Management***

Purpose is to provide internal audit and risk management services:

- The rendering of regulatory audits.
- The execution of special audits and investigations.
- The rendering of comprehensive or compliance financial, operations, performance and fraud-risk review audits.
- The reporting of audit results.

# **Infrastructure, Planning and Development**

## **1. *Civil Engineering Section***

Purpose is to develop, operate and maintain civil infrastructure:

- The management of municipal infrastructure grant-funded projects.



- The maintenance of municipal infrastructure, plant and equipment.
- The management, maintenance and control of solid waste, landfill sites, parks and cemeteries.

## **2. *Electrical Engineering Section***

Purpose is to construct, operate and maintain electrical infrastructure networks:

- The management of electrical infrastructure installation projects.

## **3. *Town Planning Section***

Purpose is to provide spatial planning and development services:

- The rendering of spatial planning and LUMS services.
- The provision of building control services

## **4. *Housing Section***

- The facilitation and management of municipal housing allocation.

# **Community Services**

## **1. *Local Economic Development and Tourism***

Purpose is to promote local economic development and poverty alleviation initiatives:

- The implementation, monitoring and evaluation of municipal LED strategy and projects.
- The implementation of municipal poverty alleviation strategy and projects.
- The promotion and support of SMME's and cooperatives
- The provision of tourism development services.
- The support of the informal economy

## **2. *Community Social Services***

Purpose is to render community social services:

- The management, maintenance and control of public libraries.
- Promotion of sport, art and culture programmes

## **3. *Community Safety***

Purpose is to render community safety services:

- The provision of traffic control and road safety.
- The provision of disaster management services.

## **BUDGET AND TREASURY OFFICE**

### ***1. Compliance, Budgeting and Reporting***

Purpose is to manage the municipal budgeting and reporting process:

- The responsibility to provide management accounting and financial compliance services.
- The management of the budgeting process.
- The management of municipal assets and liabilities.
- The provision of financial reporting services.

### ***2. Expenditure Management***

Purpose is to manage and control municipal expenditure:

- The development, implementation and management of procedures, systems and controls related to salaries and expenditure.
- The development, implementation and management of procedures, systems and controls related to the procurement of goods and services.

### ***3. Revenue Management***

Purpose is to collect, manage and control municipal revenue:

- The collection of revenue owed to the Municipality.
- The development, implementation and management of procedures, systems and controls related to credit control and debt collection.

## **Corporate Services Department**

### ***1. Administration Services section***

Purpose is to provide administrative support and information technology services:

- The provision of secretariat services.
- The provision of general administrative services.
- The provision of Information Technology

### ***2. Human Resources Management***

Purpose is to provide human resources management and development services:

- The provision of human resources management and development services.
- The provision of general human resources administrative support services.

# CHAPTER 5

## ANNUAL FINANCIAL STATEMENTS

**General Information**

**Accounting Officer's Approval**

**Report of the Auditor General**

**Statement of the Financial Position**

**Statement of Financial Performance**

**Statement of Changes in Net Assets**

**Cash Flow Statement**

**Accounting Policies**

**Note to the Financial Statements**

**Unaudited Schedules**



Ingwe Local Municipality  
Annual Financial Statements for  
the year ended 30 June 2013

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## General Information

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<b>Legal form of entity</b>	Local Municipality
<b>Members of Council</b>	
<b>Mayor</b>	N P Luzulane
<b>Deputy Mayor</b>	S V Zulu
<b>Speaker</b>	M W Mtolo
<b>EXCO Member</b>	P S Msomi
<b>EXCO Member</b>	H A Ngcobo
<b>Councillors</b>	B C Mncwabe S W Mtolo S E Dlamini F M Mankhanya M C Cekwane C B Kunene B Thabethe V E Mncwabe P P Shange S S Ngubo N G Mbatha A N Dlamini B C Nzimande S J Bhengu T A Zikode S T Dlamini S R Mlotshwa
<b>Grading of local authority</b>	2
<b>Municipal Manager</b>	Mr NC Vezi
<b>Registered office</b>	Ingwe Local Municipality
<b>Physical address</b>	Main Street Creighton 3263
<b>Postal address</b>	P O Box 62 Creighton 3263
<b>Bankers</b>	First National Bank
<b>Auditors</b>	Auditor General of South Africa (AGSA)
<b>Telephone number</b>	(039) 833 1038
<b>Fax number</b>	(039) 833 1179
<b>Email address</b>	mailbox@ingwemunicipality.co.za

## **Ingwe Local Municipality**

Annual Financial Statements for the year ended 30 June 2013

### **Accounting officers Responsibilities and Approval**

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I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 50, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 20 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

---

**Municipal Manager**

**Mr N C Vezi**

**30 August 2013**

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

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The reports and statements set out below comprise the annual financial statements presented to the Council of Ingwe Municipality:

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# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Statement of Financial Position as at 30 June 2013

Figures in Rand	Note(s)	2013	2012
<b>ASSETS</b>			
<b>Current Assets</b>			
Trade and Other Receivables from non-exchange transactions	2	258 033	424 842
VAT receivable	3	1 945 125	752 125
Consumer Debtors	4	1 405 807	3 460 342
Cash and cash equivalents	5	67 775 294	76 937 710
		<b>71 384 259</b>	<b>81 575 018</b>
<b>Non-Current Assets</b>			
Investment property	6	731 000	949 000
Property, plant and equipment	7	115 336 348	79 125 048
Intangible assets	8	257 978	211 160
		<b>116 325 326</b>	<b>80 285 208</b>
<b>Total Assets</b>		<b>187 709 585</b>	<b>161 860 226</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Finance lease liability	9	23 418	13 795
Trade and Other Payables from exchange transactions	10	4 276 478	3 784 698
Unspent conditional grants and receipts	11	12 809 134	29 309 529
Current portion of retentions	12	2 781 947	455 604
		<b>19 890 977</b>	<b>33 563 626</b>
<b>Non-Current Liabilities</b>			
Finance lease liability	9	291 221	314 640
Non-current Provisions	13	1 838 349	2 463 061
Retentions	12	2 365 189	2 428 808
		<b>4 494 759</b>	<b>5 206 509</b>
<b>Total Liabilities</b>		<b>24 385 736</b>	<b>38 770 135</b>
<b>Net Assets</b>		<b>163 323 849</b>	<b>123 090 091</b>
Accumulated surplus		163 323 848	123 090 091



# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Statement of Financial Performance

Figures in Rand	Note(s)	2013	2012
<b>Revenue</b>			
Service charges	14	443 675	305 608
Property rates	15	4 692 529	3 522 499
Property rates - penalties imposed	15	434 180	135 141
Government grants & subsidies	16	100 663 664	66 032 426
Rental of facilities and equipment		212 190	208 418
Gain on disposal of Property, Plant and Equipment	17	-	897 764
Other Revenue	17	2 996 266	862 316
Traffic fines		110 830	34 735
Interest received	18	4 509 354	3 928 773
<b>Total revenue</b>		<b>114 062 688</b>	<b>75 927 680</b>
<b>Expenditure</b>			
Employee Related Costs	19	(19 732 105)	(15 633 168)
Remuneration of councillors	20	(5 931 081)	(5 543 222)
Depreciation and amortisation	21	(4 697 016)	(3 589 280)
Fair value adjustment on Investment Property		(218 000)	-
Finance costs	22	(299 769)	(251 246)
Bad Debt written off		(91 058)	-
Increase in Bad Debts		(3 802 423)	(246 365)
Repairs and maintenance		(1 412 514)	(635 526)
Contracted services	23	(875 833)	(462 623)
General Expenses	24	(36 687 876)	(23 001 083)
<b>Total expenditure</b>		<b>(73 747 675)</b>	<b>(49 362 512)</b>
<b>Surplus for the year</b>		<b>40 315 013</b>	<b>26 565 168</b>

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at 01 July 2011</b>	<b>96 524 924</b>	<b>96 524 924</b>
Surplus for the year	26 565 168	26 565 168
Total changes	26 565 168	26 565 168
Opening balance as previously reported	119 718 949	119 718 949
Adjustments		
Recognising Equitable Share	2 052 952	2 052 952
Provision for landfill site	333 310	333 310
Prior year adjustments	492 440	492 440
<b>Balance at 01 July 2012 as restated</b>	<b>122 597 651</b>	<b>122 597 651</b>
Surplus for the year	40 315 013	40 315 013
Change in useful life of Property, Plant and Equipment	417 201	417 201
Prior year error	(6 016)	(6 016)
Total changes	40 726 198	40 726 198
<b>Balance at 30 June 2013</b>	<b>163 323 849</b>	<b>163 323 849</b>

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Cash Flow Statement

Figures in Rand	Note(s)	2013	2012
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants		100 663 664	66 032 426
Interest income		4 509 354	3 928 773
Other receipts		8 431 824	23 848 390
		<b>113 604 842</b>	<b>93 809 590</b>
<b>Payments</b>			
Employee costs		(25 708 586)	(21 176 389)
Finance Costs		(299 769)	(251 244)
Other payments		(57 935 963)	(23 026 986)
		<b>(83 944 318)</b>	<b>(44 454 619)</b>
<b>Net cash flows from operating activities(outflows)/inflows</b>	<b>26</b>	<b>29 660 524</b>	<b>49 354 969</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(40 997 513)	(26 511 153)
Proceeds from sale of property, plant and equipment	7	12 864	897 764
Purchase of other intangible assets	8	(87 220)	(57 960)
<b>Net cash flows from investing activities</b>		<b>(41 071 869)</b>	<b>(25 671 349)</b>
<b>Cash flows from financing activities</b>			
Movement in retentions		2 262 724	804 670
Finance lease payments		(13 795)	173 792
<b>Net cash flows from financing activities</b>		<b>2 248 929</b>	<b>978 462</b>
<b>Net (increase)/decrease in cash and cash equivalents</b>		<b>(9 162 416)</b>	<b>24 662 083</b>
Cash and cash equivalents at the beginning of the year		76 937 710	52 275 627
<b>Cash and cash equivalents at the end of the year</b>	<b>5</b>	<b>67 775 294</b>	<b>76 937 710</b>

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Statement of Comparison of Budget and Actual Amounts

### Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	156 271	443 729	600 000	443 675	(156 325)	Append.A (1)
Rental of facilities and equipment	110 000	95 000	205 000	212 190	7 190	Append.A (2)
Other Revenue	-	-	-	2 996 266	2 996 266	Append.A (3)
Interest received - investment	3 400 000	5 000	3 405 000	4 509 354	1 104 354	Append.A (4)
<b>Total revenue from exchange transactions</b>	<b>3 666 271</b>	<b>543 729</b>	<b>4 210 000</b>	<b>8 161 485</b>	<b>3 951 485</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	2 836 452	663 548	3 500 000	4 692 529	1 192 529	Append.A (5)
Property rates - penalties imposed	139 600	213 000	352 600	434 180	81 580	Append.A (6)
Government grants & subsidies	51 077 000	2 729 902	53 806 902	100 663 664	46 856 762	Append.A (7)
<b>Transfer revenue</b>						
Fines	105 900	-	105 900	110 830	4 930	Append.A (8)
<b>Total revenue from non-exchange transactions</b>	<b>54 158 952</b>	<b>3 606 450</b>	<b>57 765 402</b>	<b>105 901 203</b>	<b>48 135 801</b>	
<b>Total revenue</b>	<b>57 825 223</b>	<b>4 150 179</b>	<b>61 975 402</b>	<b>114 062 688</b>	<b>52 087 286</b>	
<b>Expenditure</b>						
Personnel	(20 707 090)	1 673 525	(19 033 565)	(19 732 105)	(698 540)	Append.A (9)
Remuneration of councillors	(5 871 109)	(88 000)	(5 959 109)	(5 931 081)	28 028	Append.A (10)
Depreciation and amortisation	(4 500 000)	-	(4 500 000)	(4 697 016)	(197 016)	Append.A (11)
Impairment loss/ Reversal of impairments	-	-	-	(218 000)	(218 000)	Append.A (12)
Finance costs	-	(300 000)	(300 000)	(299 769)	231	Append.A (13)
Debt impairment	-	-	-	(91 058)	(91 058)	Append.A (14)
Bad debts	(450 000)	-	(450 000)	(3 802 423)	(3 352 423)	Append.A (15)
Repairs and maintenance	(4 090 000)	690 000	(3 400 000)	(1 412 514)	1 987 486	Append.A (16)
Contracted Services	(2 600 000)	278 000	(2 322 000)	(2 900 627)	(578 627)	Append.A (17)
General Expenses	(9 388 509)	(20 117 656)	(29 506 165)	(28 898 705)	607 460	Append.A (18)
Programmes	(9 850 815)	(994 185)	(10 845 000)	(5 764 377)	5 080 623	Append.A (19)
<b>Total expenditure</b>	<b>(57 457 523)</b>	<b>(18 858 316)</b>	<b>(76 315 839)</b>	<b>(73 747 675)</b>	<b>2 568 164</b>	
<b>Surplus</b>	<b>367 700</b>	<b>(14 708 137)</b>	<b>(14 340 437)</b>	<b>40 315 013</b>	<b>54 655 450</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>367 700</b>	<b>(14 708 137)</b>	<b>(14 340 437)</b>	<b>40 315 013</b>	<b>54 655 450</b>	

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period, except for the changes set out in note 36 First-time adoption of Standards of GRAP.

#### 1.1 Standards, Amendments to Standards and Interpretation Issued but not yet effective

**The following GRAP standards have been issued but not yet effective and have not been early adopted by the municipality:**

GRAP 105 Transfer of functions between entities under common control  
GRAP 106 Transfer of functions between entities not under common control  
GRAP 107 Mergers

The Minister of Finance announced that the application of GRAP 21, GRAP 23, GRAP 24, GRAP 26, GRAP 103 will be effective for the period starting on or after 1 April 2012. All other standards as listed above will only be effective when a date is announced by the Minister of Finance.

The ASB Directive 5 paragraph 29 sets out the principles for the application of GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the standard of GRAP 3 on Accounting Policies, Change in Accounting Estimates and Errors. There are no impending changes in accounting policy.

#### 1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment  
Recoverable amounts of property, plant and equipment  
Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)  
Present value of defined benefit obligation  
Fair value of plan assets  
Provision for doubtful debts  
Impairment of assets  
Provision for long-term service award

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Provisions

Impairment of assets

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.2 Significant judgements and sources of estimation uncertainty (continued)

#### Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

#### Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

#### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

#### Useful lives of property, plant and equipment and intangible assets

The entity's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and intangible assets. This estimate is based on the condition and use of the individual assets, in order to determine the remaining period over which the asset can and will be used.

#### Effective interest rate

The municipality used the government bond rate to discount future cash flows in the event of it being material.

## Accounting Policies

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### 1.2 Significant judgements and sources of estimation uncertainty (continued)

#### Allowance for impairment

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

### 1.3 Investment property

Investment property is property (land ) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measure that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity apply the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

### 1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.4 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	30-50 years
Furniture and fixtures	7-10 years
Motor vehicles	5 years
Office equipment	3-7 years
IT equipment	3 to 5 years
Infrastructure	
• Roads and Paving	30 years
Community	
• Buildings	30 years
• Recreational Facilities	20-30 years
• Security	5 years
Landfill site	15 years
Leased office Equipment	3 to 5 years



# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.5 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 to 5 years

### 1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

## Accounting Policies

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### 1.6 Financial instruments (continued)

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

## Accounting Policies

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### 1.6 Financial instruments (continued)

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

#### Class

Loans Receivable  
Trade and other Receivables  
Cash and Cash Equivalent

#### Category

Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

#### Class

Trade and other Payables

#### Category

Financial liability measured at amortised cost

### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.6 Financial instruments (continued)

#### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

#### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

#### Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

#### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

## Accounting Policies

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### 1.6 Financial instruments (continued)

#### Derecognition

##### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

##### Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.6 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

#### Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are debited by the entity directly to net assets, net of any related income tax benefit [where applicable]. Transaction costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit [where applicable].

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

### 1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

### 1.8 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

## Accounting Policies

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### 1.8 Impairment of cash-generating assets (continued)

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production units or similar units expected to be obtained from the assets by the municipality.

### 1.9 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

## Accounting Policies

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### 1.9 Employee benefits (continued)

#### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

#### Other post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

### 1.10 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.



## Accounting Policies

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### 1.10 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.10 Provisions and contingencies (continued)

- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

### 1.11 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.11 Revenue from exchange transactions (continued)

#### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, service fees or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.12 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.12 Revenue from non-exchange transactions (continued)

#### Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

#### Fines

Fines are recognised as revenue on the cash basis of accounting.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

### 1.13 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.14 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.15 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.16 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.16 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.17 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

### 1.18 Presentation of currency

These annual financial statements are presented in South African Rand.

### 1.19 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

### 1.20 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2012/07/01 to 2013/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

### 1.21 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.21 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>2. Trade and Other Receivables from non-exchange transactions</b>		
Security deposits with Suppliers	113 471	111 006
Other	144 562	313 835
	<b>258 033</b>	<b>424 842</b>
<b>3. VAT receivable</b>		
VAT	1 945 125	752 125
<b>4. Consumer debtors</b>		
<b>Gross balance</b>		
Rates	6 230 051	4 640 569
Rental	133 648	118 670
Refuse	367 275	527 742
Vat portion on debtors	394 125	89 222
Sundry debtors	18 453	19 462
Provision for impairment	(5 737 745)	(1 935 322)
	<b>1 405 807</b>	<b>3 460 342</b>
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	(359)	10 211
31 - 60 days	10 166	9 659
61 - 90 days	13 768	9 298
91 - 120 days	1 195 853	863 564
	<b>1 219 428</b>	<b>892 732</b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	13 018	4 891
31 - 60 days	2 467	15 577
61 - 90 days	5 973	1 948
91 - 120 days	1 355 379	527 683
	<b>1 376 837</b>	<b>550 099</b>
<b>National and provincial government</b>		
Current (0 -30 days)	28 464	21 227
31 - 60 days	33 884	56 744
61 - 90 days	33 845	13 768
91 - 120 days	4 453 834	3 861 093
	<b>4 550 027</b>	<b>3 952 832</b>
<b>Total</b>		
Current (0 -30 days)	41 123	36 329
31 - 60 days	46 517	81 980
61 - 90 days	53 586	25 015
91 - 120 days	7 002 326	5 252 341
	<b>7 143 552</b>	<b>5 395 665</b>
Less: Allowance for impairment	(5 737 745)	(1 935 322)
	<b>1 405 807</b>	<b>3 460 342</b>

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>4. Consumer debtors (continued)</b>		
<b>Consumer debtors past due but not impaired</b>		
Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2013, 141 226 (2012: 143 324) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	41 123	36 329
2 months past due	46 517	81 980
3 months past due	53 586	25 015
<b>Consumer debtors impaired</b>		
As of 30 June 2013, consumer debtors of 7 002 326 (2012: 5 252 341) were impaired and provided for.		
The amount of the provision was 5 737 745 as of 30 June 2013 (2012: 1 935 322).		
<b>Reconciliation of doubtful debt provision</b>		
Opening balance	(1 935 322)	(1 688 957)
Allowance for impairment	(3 802 423)	(246 365)
	<b>(5 737 745)</b>	<b>(1 935 322)</b>
<b>5. Cash and cash equivalents</b>		
Cash on hand	113	2 099
Bank balances	652 440	6 611 478
Short-term deposits	67 085 903	70 287 295
Other cash and cash equivalents(Public Sector Disaster Account)	36 838	36 838
	<b>67 775 294</b>	<b>76 937 710</b>



# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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### 5. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances	
	30 June 2013	30 June 2012
First National Bank: Cheque Account - 5255 1036 969	517 783	6 491 066
First National Bank: Public Sector Cheque Account - 6224 5385 093	36 838	36 837
First National Bank: Salaries- 6205 1076 688	106 838	120 412
Stanlib Enhanced Yield Fund Account - 5511 304 58	8 252 210	7 818 854
Investec Fixed Deposit - 50003450424 - 0	-	20 006 214
Investec Fixed Deposit - 50003450424 - 1	53 968 997	16 029 170
Investec Fixed Deposit - 50003450424 - 2	-	15 217 781
Investec Fixed Deposit - 50003450424 - 3	-	10 381 056
First National Bank - 32 Day - Stimela - 74165605518	640 986	621 829
First National Bank - Money Market - 62008452071	4 223 710	212 392
<b>Total</b>	<b>67 747 362</b>	<b>76 935 611</b>

### 6. Investment property

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	731 000	-	731 000	949 000	-	949 000

#### Reconciliation of investment property - 2013

	Opening balance	Fair value adjustments	Total
Investment property	949 000	(218 000)	731 000

#### Reconciliation of investment property - 2012

	Opening balance	Fair value adjustments	Total
Investment property	575 000	374 000	949 000

#### Pledged as security

No investment property is pledged as security

Investment property consists of land held for an undeterminable future use.

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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### 6. Investment property (continued)

#### Details of valuation

The effective date of the revaluations was 30 June 2013. Revaluations were performed by an independent valuer, Mr Jaap Dutoit, of North West Valuation Services. North West Valuation Services are not connected to the municipality and have recent experience in location and category of the investment property being valued. The valuation was based on open market value for existing use.

### 7. Property, plant and equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 630 000	-	1 630 000	1 630 000	-	1 630 000
Buildings	8 217 771	(3 141 179)	5 076 592	7 949 271	(3 829 872)	4 119 399
Leased Assets	359 000	(131 633)	227 367	359 000	(59 833)	299 167
Infrastructure	42 352 968	(8 112 185)	34 240 783	26 113 886	(6 173 011)	19 940 875
Community	73 470 877	(9 609 596)	63 861 281	50 418 873	(7 093 879)	43 324 994
Other property, plant and equipment	15 795 032	(5 494 707)	10 300 325	14 386 240	(4 575 627)	9 810 613
<b>Total</b>	<b>141 825 648</b>	<b>(26 489 300)</b>	<b>115 336 348</b>	<b>100 857 270</b>	<b>(21 732 222)</b>	<b>79 125 048</b>

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand

### 7. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Assets under construction movements	Disposals	Other changes, movements	Depreciation	Impairment reversal	Total
Land	1 630 000	-	-	-	-	-	-	1 630 000
Buildings	4 119 399	253 500	15 000	-	1 516 787	(230 059)	(598 035)	5 076 592
Leased Assets	299 167	-	-	-	-	(71 800)	-	227 367
Infrastructure	19 940 875	5 283 952	10 955 130	-	-	(1 939 174)	-	34 240 783
Community	43 324 994	7 847 507	15 210 468	-	(1 124 057)	(1 462 474)	64 843	63 861 281
Other property, plant and equipment	9 810 613	1 431 956	-	(12 864)	(1 790)	(1 420 205)	492 615	10 300 325
	<b>79 125 048</b>	<b>14 816 915</b>	<b>26 180 598</b>	<b>(12 864)</b>	<b>390 940</b>	<b>(5 123 712)</b>	<b>(40 577)</b>	<b>115 336 348</b>

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand

### 7. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Disposals	Assets under construction movements	Depreciation	Total
Land	1 630 000	-	-	-	-	1 630 000
Buildings	3 484 227	779 144	-	78 064	(222 036)	4 119 399
Leased Assets	139 571	359 000	(131 136)	-	(68 269)	299 167
Infrastructure	11 559 813	3 580 520	-	5 461 980	(661 438)	19 940 875
Community	36 473 122	12 232 736	-	(4 326 659)	(1 055 036)	43 324 994
Other property, plant and equipment	10 340 543	1 265 940	(158 743)	-	(1 392 585)	9 810 613
	<b>63 627 276</b>	<b>18 217 341</b>	<b>(289 879)</b>	<b>1 213 385</b>	<b>(3 399 364)</b>	<b>79 125 048</b>

#### Other information

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

The depreciation calculations are performed by a service provider: Linkages.

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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### 8. Intangible assets

	2013			2012		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	505 581	(247 603)	257 978	501 962	(290 802)	211 160

#### Reconciliation of intangible assets - 2013

	Opening balance	Additions	Change in estimate	Amortisation	Total
Computer software	211 160	87 220	32 027	(72 429)	257 978

#### Reconciliation of intangible assets - 2012

	Opening balance	Additions	Change in estimate	Amortisation	Total
Computer software	187 200	57 960	11 806	(45 806)	211 160

### 9. Finance lease liability

#### Minimum lease payments due

- within one year	360 180	313 200
- in second to fifth year inclusive	972 123	1 332 489
	1 332 303	1 645 689
less: future finance charges	(1 017 664)	(1 317 254)
<b>Present value of minimum lease payments</b>	<b>314 639</b>	<b>328 435</b>

#### Present value of minimum lease payments due

- within one year	23 418	13 795
- in second to fifth year inclusive	291 221	314 640
	<b>314 639</b>	<b>328 435</b>

Non-current liabilities	291 221	314 640
Current liabilities	23 418	13 795
	<b>314 639</b>	<b>328 435</b>

The average lease term is 5 years. The capitalised liabilities are in respect of office equipment leased by the municipality. The lease agreements neither provide the nominal nor the effective interest rates, accordingly, internal rates of return applicable to each lease were determined and accordingly applied to amortise each of the respective lease repayments. Therefore, the average effective borrowing rate is 12%, which is subject to a 15% escalation per annum. The majority of these leases have fixed repayment terms. The agreements do not provide for contingent rental payments. None of the leased equipment's ownership will pass to the municipality at the end of the respective lease terms.

### 10. Trade and Other Payables from exchange transactions

Trade payables	2 044 433	2 107 246
Staff Leave Accrual	1 389 357	833 361
Other Payables	842 688	844 093
	<b>4 276 478</b>	<b>3 784 698</b>

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>11. Unspent conditional grants and receipts</b>		
Township Establishment	27 320	27 320
Librarian Subsidy	-	66 514
PRO Grant Local Government Expert	35 148	35 148
Electrification Masameni	-	(6 016)
Municipal Systems Improvement	-	25 019
Prov Grant GIS	112 571	112 571
Municipal Infrastructure Plan	25 136	25 136
Property Rating Grant	-	70 623
Communication Strategy grant	35 902	35 902
DBSA grant rates service providers	-	160 432
Financial management grant	-	11 693
Municipal Infrastructure	4 655 849	9 339 634
Sports and recreation	525 000	-
Nkwezela Sports Stadium Grant	219 954	135 413
Basic Bookkeeping Grant	21 246	21 246
Gerald Bhengu Art Gallery Grant	-	914 428
DOH Bulwer grant	722 516	722 516
DOH Donnybrooke	324 550	324 550
DOH Ngcobo's Grant	727 255	727 255
DOH Tar's Valley	503 002	503 002
Electrification Donnybrooke and Xosheyakhe	196 599	637 488
Corridor Development Cogta	3 827 088	10 000 000
Electrification phase 2	-	5 419 656
Museum subsidy	850 000	-
	<b>12 809 134</b>	<b>29 309 529</b>
<b>12. Retentions</b>		
Current portion	2 781 947	455 604
Non - current portion	2 365 189	2 428 808
	<b>5 147 136</b>	<b>2 884 412</b>

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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### 13. Non-current Provisions

#### Reconciliation of non-current provisions - 2013

	Opening Balance	Additions	Reduction in provision	Total
Environmental rehabilitation	2 092 096	-	(827 789)	1 264 307
Provision for long service award	370 964	203 078	-	574 042
	<b>2 463 060</b>	<b>203 078</b>	<b>(827 789)</b>	<b>1 838 349</b>

#### Reconciliation of non-current provisions - 2012

	Opening Balance	Additions	Actuarial gain/(loss)	Reduction in provision	Total
Environmental rehabilitation	2 425 406	-	-	(333 310)	2 092 096
Provision for long service award	211 757	70 399	88 808	-	370 964
	<b>2 637 163</b>	<b>70 399</b>	<b>88 808</b>	<b>(333 310)</b>	<b>2 463 061</b>

The provision for rehabilitation of refuse disposal sites relates to the legal obligation to rehabilitate the disposal sites. The municipality operates two refuse disposal sites. Both sites have been in operation for nearly ten years and assuming the current level of usage of these disposal sites is maintained, it is anticipated that they will reach full capacity after 3 financial years, wherein they will be permanently closed and thus rehabilitated. The provision amount disclosed represents the present value of future estimated rehabilitation costs (material and labour inclusive of professional environmental expertise).

### 14. Service charges

Refuse removal	443 675	305 608
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### 15. Property rates

#### Rates received

Property Rates raised	4 692 529	3 522 499
Property rates - penalties imposed	4 692 529	3 522 499
	434 180	135 141
	<b>5 126 709</b>	<b>3 657 640</b>

#### Valuations

Residential Property & State	1 337 441 818	1 104 753 000
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Valuation of properties within the boundaries of the Municipal area are performed every five years. The current valuation in use came into effect on 1 July 2009, with the valuation having been performed on 02 July 2008. Interim valuations are carried out to take account of changes in individual property values due to subdivisions, property improvements etc. The most recent supplementary valuation was carried out on 30 June 2013 yielding a total property value of R1 337 441 818.

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>16. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	50 733 453	44 867 986
	<b>50 733 453</b>	<b>44 867 986</b>
<b>Capital grants</b>		
CMIP: Land fill site Nkwezela	-	2 341
MSIG	825 019	764 981
Gerald Bhengu art gallery	914 429	1 810 572
GIS Grant Income	-	8 180
MIG -Grant Income (top slice)	24 782 784	10 101 813
Property rating grant	70 624	138 209
Basic book-keeping grant	-	88 329
Anti-Corruption Grant	-	27 906
Human Resources Systems Grant	-	78 380
Gerald Bhengu Sisonke	-	1 000 000
Local Government Expert Grant	-	200 173
Library Computer Cybercadet	-	102 707
DBSA grant - rates service providers	160 432	-
Electrification phase 2	14 419 656	580 344
Nkwezela Sports stadium grant	1 511 693	1 438 307
Electrification of tarsvalley	440 888	4 134 320
Sports Stadium and Librarian subsidy grant	631 774	496 216
CMIP grant	-	88 136
Amakhuze biodiversity	-	103 526
Corridor Development	6 172 912	-
	<b>49 930 211</b>	<b>21 164 440</b>
	<b>100 663 664</b>	<b>66 032 426</b>
<b>Equitable Share</b>		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
<b>Township Establishment</b>		
Balance unspent	27 320	27 320
<b>Sports and Recreation</b>		
Current-year receipts	525 000	-
<b>Local Government Expert</b>		
Balance unspent	35 148	35 148
<b>Electrification Masameni</b>		
Balance unspent	(6 016)	(6 016)
Prior period error corrected.	6 016	-
	<b>-</b>	<b>(6 016)</b>



# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>16. Government grants and subsidies (continued)</b>		
<b>Municipal Sytems Improvement</b>		
Balance unspent	25 019	-
Current-year receipts	800 000	790 000
Conditions met - transferred to revenue	(825 019)	(764 981)
	<b>-</b>	<b>25 019</b>
<b>CMIP Grant</b>		
Balance unspent	-	88 136
Conditions met - transferred to revenue	-	(88 136)
	<b>-</b>	<b>-</b>
<b>Museum Subsidy (Arts and Culture)</b>		
Current-year receipts	850 000	-
<b>GIS</b>		
Balance unspent	112 571	120 751
Conditions met - transferred to revenue	-	(8 180)
	<b>112 571</b>	<b>112 571</b>
<b>Local Economic Development</b>		
Balance unspent	-	200 173
Conditions met - transferred to revenue	-	(200 173)
	<b>-</b>	<b>-</b>
<b>Library Computer Project</b>		
Balance unspent	-	6 707
Current-year receipts	-	96 000
Conditions met - transferred to revenue	-	(102 707)
	<b>-</b>	<b>-</b>
<b>Municipal infrastructure investment plan</b>		
Balance unspent	25 136	25 136
<b>Librarian Subsidy</b>		
Balance unspent	66 514	17 269
Current-year receipts	499 800	530 873
Conditions met - transferred to revenue	(566 315)	(481 629)
	<b>-</b>	<b>66 514</b>
<b>Property rating</b>		
Balance unspent	70 623	208 833
Conditions met - transferred to revenue	(70 623)	(138 209)
	<b>-</b>	<b>70 623</b>

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>16. Government grants and subsidies (continued)</b>		
<b>Communication Strategy</b>		
Balance unspent	35 902	35 902
<b>DBSA grant - rates service providers</b>		
Balance unspent	160 432	160 432
Conditions met - transferred to revenue	(160 432)	-
	<b>-</b>	<b>160 432</b>
<b>Financial Management Grant</b>		
Balance unspent	11 693	-
Current-year receipts	1 500 000	1 450 000
Conditions met - transferred to revenue	(1 511 693)	(1 438 307)
	<b>-</b>	<b>11 693</b>
<b>Municipal Infrastructure</b>		
Balance unspent	9 339 634	7 430 740
Current-year receipts	20 099 000	12 010 705
Conditions met - transferred to revenue	(24 782 784)	(10 101 813)
	<b>4 655 849</b>	<b>9 339 634</b>
<b>Nkwezela sports stadium grant</b>		
Balance unspent	135 413	-
Current-year receipts	150 000	150 000
Conditions met - transferred to revenue	(65 459)	(14 587)
	<b>219 954</b>	<b>135 413</b>
<b>Basic Book keeping grant</b>		
Balance unspent	21 246	109 575
Conditions met - transferred to revenue	-	(88 329)
	<b>21 246</b>	<b>21 246</b>
<b>Gerald Bhengu art gallery grant</b>		
Balance unspent	914 429	1 635 000
Current-year receipts	-	1 090 000
Conditions met - transferred to revenue	(914 429)	(1 810 572)
	<b>-</b>	<b>914 429</b>
<b>Human Resources Grant</b>		
Balance unspent	-	78 380
Conditions met - transferred to revenue	-	(78 380)
	<b>-</b>	<b>-</b>

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>16. Government grants and subsidies (continued)</b>		
<b>Anti Corruption Grant</b>		
Balance unspent	-	27 906
Conditions met - transferred to revenue	-	(27 906)
	-	-
<b>DOH Bulwer</b>		
Balance unspent	722 516	722 516
<b>DOH Donnybrooke</b>		
Balance unspent	324 550	324 550
<b>DOH Ngcobo's grant</b>		
Balance unspent	727 255	727 255
<b>DOH Tars valley</b>		
Balance unspent	503 003	503 003
<b>Amakhuze Biodiversity</b>		
Balance unspent	-	103 526
Conditions met - transferred to revenue	-	(103 526)
	-	-
<b>Electrification - Donnybrooke and Xosheyakhe</b>		
Balance unspent	637 488	1 771 808
Current-year receipts	-	3 000 000
Conditions met - transferred to revenue	(440 888)	(4 134 320)
	<b>196 599</b>	<b>637 488</b>
<b>Corridor development Cogta</b>		
Balance unspent	10 000 000	-
Current-year receipts	-	10 000 000
Conditions met - transferred to revenue	(6 172 912)	-
	<b>3 827 088</b>	<b>10 000 000</b>
<b>Electrification phase 2</b>		
Balance unspent	5 419 656	-
Current-year receipts	9 000 000	6 000 000
Conditions met - transferred to revenue	(14 419 656)	(580 344)
	-	<b>5 419 656</b>

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>17. Other revenue</b>		
Gain on Disposal of Property, Plant and Equipment	-	897 764
Other Revenue	2 996 266	862 316
	<b>2 996 266</b>	<b>1 760 080</b>
<b>Other Income comprises</b>		
Donation from Sisonke	1 800 000	-
Printing Income	12 594	6 278
Rates Clearance certificate	1 300	2 050
Commission received	1 422	488
Library	-	82
Tender Documents	144 640	202 300
Sundry Income	257 406	101 647
Discount Received	-	676
Pound Income	5 306	2 839
Sale of hay	25 000	33 333
Fair value profit and loss	(7 863)	12 221
Other donations received	-	500 000
Building plan inspection fees	1 100	400
Increase in landfill provision	755 229	-
Electricity Income	132	-
	<b>2 996 266</b>	<b>862 316</b>
<b>18. Investment revenue</b>		
Investment Revenue	4 504 231	3 924 227
Interest charged on trade and other receivables	5 123	4 547
	<b>4 509 354</b>	<b>3 928 773</b>

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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### 19. Employee related costs

Salaries and Wages	13 938 498	11 322 057
Bonus	724 564	598 201
Contributions for Medical Aid, Pension and UIF	2 534 397	1 920 687
Leave pay provision charge	1 169 627	981 721
Travel and Standby Allowances	733 706	420 452
Overtime payments	421 827	224 968
Provision for long service awards	203 078	159 207
Housing benefits and allowances	6 408	5 874
	<b>19 732 105</b>	<b>15 633 168</b>

### Remuneration of Municipal Manager

Annual Remuneration	337 422	645 332
Travel Allowance	120 000	116 122
Contributions to UIF, Medical and Pension Funds	892	998
Acting Allowance	97 500	134 143
	<b>555 814</b>	<b>896 595</b>

The Municipal Manager was appointed in January 2013.

### Remuneration of Chief Finance Officer

Annual Remuneration	534 708	308 885
Car Allowance	100 000	60 000
Contributions to UIF, Medical and Pension Funds	1 487	873
Acting Allowance	-	165 036
	<b>636 195</b>	<b>534 794</b>

The Chief Financial Officer resigned in April 2013 and there is no acting CFO.

### Remuneration of IPD Manager

Annual Remuneration	699 594	650 938
Car Allowance	44 056	44 056
Contributions to UIF, Medical and Pension Funds	1 785	1 497
	<b>745 435</b>	<b>696 491</b>

### Remuneration of Corporate Services Manager

Annual Remuneration	623 650	295 400
Car Allowance	120 000	110 017
Contributions to UIF, Medical and Pension Funds	1 785	873
	<b>745 435</b>	<b>406 290</b>

### Remuneration of Community Manager

Annual Remuneration	563 650	42 917
Car Allowance	180 000	15 000
Contributions to UIF, Medical and Pension Funds	1 785	125
	<b>745 435</b>	<b>58 042</b>

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>20. Remuneration of Mayor, EXCO and Councillors</b>		
Mayor	624 519	591 788
Deputy Mayor	505 501	469 983
Executive Committee Members	950 559	890 760
Speaker	504 450	471 575
Councillors	3 346 052	3 119 116
	<b>5 931 081</b>	<b>5 543 222</b>
<b>In-kind benefits</b>		
The Mayor, Deputy Mayor, Speaker and two Exco member are full-time. Each of them are provided with an office and secretarial support at the cost of the municipality. Councillors were paid within the Upper Limits envisaged in section 219 of the constitution.		
<b>21. Depreciation and amortisation</b>		
Property, plant and equipment	4 653 266	3 550 014
Intangible assets	43 750	39 266
	<b>4 697 016</b>	<b>3 589 280</b>
<b>22. Finance Costs</b>		
Interest paid to creditors	364	1 221
Interest paid on finance leases	299 405	250 025
	<b>299 769</b>	<b>251 246</b>
<b>23. Contracted services</b>		
Security Services	875 833	462 623

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>24. General expenses</b>		
Accounting fees	400 497	7 150
Advertising	375 929	273 543
Anti- Corruption Measures	27 450	53 159
Arts and Culture	337 463	-
Auditor fees External	1 004 050	1 237 446
Bank charges	72 715	49 878
Bhengu Art Gallery & Museum	1 238 611	2 810 571
Catering	379 506	307 028
Cleaning	134 060	65 464
Community functions	764 335	347 483
Computer expenses	253 308	150 045
Consultants fees	1 531 809	950 432
Consumables	13 654	18 417
Sundry Expenses	(382 722)	-
Educational support	414 227	380 912
Electricit: Mahwaqa, Tarrs and Qulashe	8 950 456	509 074
Electricity	521 530	481 313
Electrification Junction,Sokhela	8 232 309	-
Electrification Phase 2	437 034	2 143 796
Emasameni electrification Project	-	27 245
Free Basic Electrification	291 534	413 491
Fuel and oil	850 454	734 676
GIS Implementation	-	7 175
Garden Expenses	45 547	29 164
HIV/AIDS expenses	137 642	93 050
Hire of vehicles	32 070	110 916
I.D document campaign	65 140	25 520
IDP review	160 608	149 874
Insurance	407 620	398 334
Inter Governmental Relations	12 402	-
Internal audit	352 985	99 033
LED Strategy	91 062	426 953
Legal Expenses	319 281	73 380
MPRA service providers	793 758	121 238
Mayoral Cup	265 350	-
Municipal Relief Fund	95 213	118 467
Newspapers	316	23 360
Organisational Structure	-	165 000
Other Expenses	360 921	499 485
Performance management	17 025	89 250
Postage and freight	14 321	5 892
Poverty Alleviation	95 488	34 500
Printing and stationery	534 702	305 658
Protective clothing	148 590	104 525
Public Participation	758 087	727 563
Railway Tourism	80 625	39 650
Refuse removal - Bulwer	7 772	5 247
Registry Services	33 500	-
Rent	39 185	51 576
Sewerage Disposal	19 866	13 184
Special Programs	549 524	802 791
Sports Development	383 510	439 888
Staff travelling, accomodation & travelling	2 602 744	3 105 925
Subscriptions and membership fees	332 496	676 626
Telephone	754 791	585 063
Township establishment	-	(2 633)
Training	10 257	-
Valuation Fees	14 368	-
Ward Committee Expense	546 798	633 565

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>24. General expenses (continued)</b>		
Ward committees capacitation and training	140 000	219 650
Xohleyakhe, Bulwer, Donnybrook Electrification	161 100	1 482 801
Youth Development	455 003	378 294
	<b>36 687 876</b>	<b>23 001 083</b>
<b>25. Auditors' remuneration</b>		
Fees	1 004 050	1 237 446
<b>26. Cash generated from operations</b>		
Surplus <b>Adjustments for:</b>	40 315 013	26 565 168
Depreciation and amortisation	4 697 016	3 589 280
Fair value adjustment	218 000	-
Debt impairment	91 058	-
Impairment (gain/loss) or gain on disposal of PPE and Investment Property	-	897 764
Bad debts provision	1 835 481	2 463 061
Donation from Sisonke	(1 800 000)	-
Landfill provision movement	(827 789)	-
Provision for long service	203 078	-
<b>Changes in working capital:</b>		
Other receivables from non-exchange transactions	166 808	(148 011)
Trade and Other Receivables from exchange transactions	1 963 478	(1 410 447)
Trade and Other Payables from exchange transactions	491 778	612 082
VAT	(1 192 999)	(111 876)
Unspent conditional grants and receipts	(16 500 398)	16 861 779
Other liabilities	-	36 170
	<b>29 660 524</b>	<b>49 354 967</b>
<b>27. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Approved and contracted for</b>		
• Infrastructure	7 816 447	9 094 200
• Community assets	14 950 896	23 819 798
	<b>22 767 343</b>	<b>32 913 998</b>
<b>Approved but not yet contracted for</b>		
• Infrastructure	16 164 500	21 091 254
• Community assets	31 850 000	37 135 224
• Other assets	12 165 000	5 120 000
	<b>60 179 500</b>	<b>63 346 478</b>
<b>This expenditure will be financed from:</b>		
Government	57 181 843	54 339 323
Own Resources	25 765 000	41 921 153
	<b>82 946 843</b>	<b>96 260 476</b>



# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>28. Unauthorised expenditure</b>		
Actual	5 033 921	-
Condoned	(933 912)	-
	<b>4 100 009</b>	<b>-</b>

The over expenditure on employee costs was caused by the appointment of the Pound Master and a Protection Services Manager. The municipality increased the provision for doubtful debts by R3 006 472 which was not catered for on the final budget due to budget constraints.

### 29. Fruitless and wasteful expenditure

Opening Balance	-	1 601
Current year- interest on overdue Eskom account	364	1 221
Awaiting Condonement	-	(2 822)
	<b>364</b>	<b>-</b>

### 30. Irregular expenditure

Opening balance	3 164 720	105 507
Overpayment on Acting allowance	-	143 059
BEC not composed of 4 senior managers	27 425 483	-
Three quotations not obtained on 7 days advertisement	1 679 357	-
Three quotation not obtained	17 000	-
Paid to suppliers in the organ of state	1 717 603	85 034
Paid to suppliers who did not declare their interest	-	3 079 686
Variation orders greater than 20% of original orders	2 617 949	-
Condoned by Council	(7 292 366)	(248 566)
	<b>29 329 746</b>	<b>3 164 720</b>

#### Details of irregular expenditure – current year

The Bid adjudication committee did not compose of four (4) as per SCM regulation, because the Accounting Officer resigned from her duties before the beginning of 2013. The assistant CFO had to act in the position so that the service delivery will not be affected. All bids awarded during that period had to be categorised as non-compliance.

29 329 746

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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### 31. Employee benefit obligations

#### Defined contribution plan

Ingwe Municipality provides for retirement benefits to councillors and employees, who belong to different pension schemes. Councillors have the option to belong to the Pension Fund for Municipal Councillors.

#### Joint pension fund

All full-time employees belong to the KwaZulu Natal Joint Municipal Pension Fund, which are made up by the Super annuation and Provident Funds. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

Super annuation Fund is a multi-employer plans and is subject to either a tri-annual, bi-annual or annual actuarial valuation, the details of which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating municipality's.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating municipality.
- (iii) The same rate of contribution applies to all participating municipalities and no regard is paid to differences in the membership distribution of the participating municipalities.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating municipality.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R 2 579 797 (2012: R 1 920 687) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed. See note 19.

The Superannuation Pension Fund has been valued by making use of the projected credit method of valuation.

There is only one employee on the Superannuation Pension Fund which is a Defined Benefit Plan.

All

other permanent employees are on the Provident Fund which is Defined Contribution plan.

### 32. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government

Current year subscription / fee	-	400 000
Amount paid - current year	-	(400 000)
	-	-

#### Audit fees

Current year subscription / fee	1 005 703	1 237 446
Amount paid - current year	(1 005 703)	(1 237 446)
	-	-

#### PAYE and UIF

Opening balance	-	292
Deductions for the current year	3 548 040	2 944 500
Amount paid - current year	(3 548 040)	(2 944 792)
	-	-

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
<b>32. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	3 342 413	2 568 024
Amount paid - current year	(3 342 413)	(2 568 024)
	-	-
<b>VAT</b>		
VAT receivable	1 945 125	752 126
<b>Councillors' arrear consumer accounts</b>		
No Councillors had arrear accounts outstanding as at 30 June 2013		
<b>33. SCM Deviations</b>		
Current year - SCM Deviations	662 365	1 249 554
SCM Deviations - Condoned by Council	(662 365)	(1 249 554)
	-	-

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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### 34. Risk management

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2013	2012
Trade Receivables	4 412 280	3 460 342
Other Receivables	258 033	424 842
Total	4 670 313	3 885 184

#### Interest rate risk

The municipality's interest rate risk arises from short term investments. Investments are made at variable rates and are exposed to cash flow interest rate risk.

At year end, financial instruments exposed to interest rate risk were as follows:

- Call deposits
- Notice deposits
- FNB overdraft

### 35. Prior period errors

During the current period, management noted that the Electrification of Masameni unspent conditional grant was overspent. This resulted in Liabilities being understated by R6 016 and Accumulated Surplus was overstated by R6 016.

In compliance with GRAP 17 useful lives of assets were reviewed resulting in re-calculation of depreciation and amortisation amounts applicable for prior years.

This resulted in Accumulated Depreciation (PPE) being overstated and Accumulated Surplus was understated.

The effect of the above is as follows on the financial statements:

#### Statement of Financial Position

Increase in Unspent Conditional grants	6 016
Decrease in Accumulated Depreciation (PPE)	(492 440)

#### Statement of Financial Performance

Decrease in Accumulated Surplus	(6 016)
Increase in Accumulated Surplus	492 440

### 36. Related parties

The municipality has no related parties.

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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### 37. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new standards.

- GRAP 21 - Impairment of Non - cash generating Assets
- GRAP 23 - Revenue from Non - exchange Transactions
- GRAP 24 - Presentation of the Budget Information in Financial Statements
- GRAP 26 - Impairment of Cash - generating Assets
- GRAP 104 - Financial Instruments

A "Budget Statement" and Appendix D are included in the financial statements to comply with GRAP 24.

The disclosure of Financial Instrument in Note was changed in accordance with GRAP 104.

None of these GRAP standards had an effect on the financial position of the municipality.

### 38. Other financial assets

#### Designated at fair value

#### Trade and Other Receivables from Exchange Transactions

Cash and Cash Equivalents	67 775 294	76 937 710
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#### At amortised cost

#### Trade and Other Receivables from Exchange transactions

Consumer Debtors	4 412 280	3 460 342
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VAT Receivable	1 562 402	752 125
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<b>5 974 682</b>	<b>4 212 467</b>
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#### Total other financial assets

<b>73 749 976</b>	<b>81 150 177</b>
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### 39. Contingent liability

The municipality is aware of a legal claim that could result in a cash outflow. This is the case between the municipality and Ayanda Zulu, the former employee. The municipality's legal representative are of the opinion that the council could potentially be liable for an amount of R773 601 as a result of the pending legal action.

### 40. Other financial liabilities

#### At amortised cost

Trade and Other Payables from Exchange Transactions	4 276 418	3 784 698
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Finance Lease Liability	314 639	328 435
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<b>4 591 057</b>	<b>4 113 133</b>
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#### Total other financial liabilities

<b>4 591 057</b>	<b>4 113 133</b>
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### 41. Change in estimate

#### Property, plant and equipment

The useful life of various assets were revised in the current period. The effect of this revision has decreased the depreciation and amortisation charges for the current and future periods by 383 138 .

# Ingwe Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	2012
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### 42. Going concern

As at 30 June 2013, the municipality had accumulated surplus of R163 323 849 and that the municipality's total assets exceed its total liabilities by R 163 323 848.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

### 43. In-kind donations and assistance

During the current financial year, 2012/2013, Ingwe municipality received services in-kind from Kwa-Zulu Natal Provincial Treasury and Kwa-Zulu Natal Co-operative Governance and Traditional Affairs (COGTA)

### 44. Events after the reporting date

No material fact or circumstance has occurred between the accounting date and the date of this report.

INGWE MUNICIPALITY  
APPENDIX A: BUDGET VARIANCES

- 1) Service charges were raised on low cost houses. These residents have not applied for indigent support and cannot afford to pay for service charges
- 2) Additional rent accrued due to the letting out of additional investment property
- 3) Other revenue comprises pound income and library subscriptions (amongst others). These were not budgetted for
- 4) Investments yielded interest throughout the year and were utilised towards year end
- 5) There were no rebates for property raised in the current year, hence the full 100% was raised
- 6) Additional penalties were imposed due to there not being any rebates this year
- 7) Included in the actual amount is equitable share. A housing subsidy grant was not received as circumstances changed.
- 8) Additional fines were issued during the year
- 9) A pound master and senior traffic officer needed to be appointed urgently, however, they were not budgetted for
- 10) Councillors remuneration were overbudgetted for
- 11) Assets were disposed of during the year
- 12) Intangible assets were impaired. This was not budgetted for
- 13) Finance costs below 5% variance
- 14) VAT irrecoverable from SARS was written off
- 15) There were additional bad debts during the year
- 16) Repairs and maintenance when assessed could be delayed and the funds utilised for other urgent projects
- 17) Additional security were required for additional two sites and security was acquired for the mayor
- 18) General expenses below 5% variance
- 19) Programmes were put on hold as the municipality had difficulty in obtaining sites for the projects

**INGWE MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**

**APPENDIX B: ACTUAL VERSUS BUDGET - ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT**  
**For the year ended 30 June 2012**

	<u>2013</u> <u>Actual</u> R	<u>2013</u> <u>Budget</u> R	<u>Variance</u> R	<u>Percentage</u> %	<u>Explanation of variances greater than 5%</u> <u>(brackets denote underspending)</u>
<b>Infrastructure</b>					
Roads	10 066 169	9 800 000	- 266 169	-3%	
Taxi ranks	0				
Other (Corridor Development)	6 172 912	10 000 000	3 827 088	62%	Awaiting lease approval from Transnet
Electrification	17 619 799	19 400 000	1 780 201	9%	Delays by Eskom to issue the Outage Notice
	<u>33 858 881</u>	<u>39 200 000</u>	<u>5 341 119</u>		

**Community assets**

Community halls	8 994 035	11 500 000	2 505 966	22%	Encountered difficulties in securing sites for Mnywaneni and Masameni Community Halls. This resulted in the initiation of the Dazini Community Hall project.
Public places	7 400	0	- 7 400	0%	
Sports fields	10 913 244	9 904 317	-1 008 927	-10%	Variation orders Qulashe sports field
Gerald Bhengu - Art Gallery	1 238 611	1 614 429	375 818	23%	The project is schedule to be completed in August 2012 as the project was to be completed in nine months
	<u>21 153 289</u>	<u>23 018 746</u>	<u>1 865 457</u>		

**Other assets**

Land and Buildings	268 500	2 513 785	2 245 285	89%	Delays in acquiring land from Transnet, this accounts for R1 300 000 of the unspent budgetted amount. Balance was to be used to acquire a staff house, this did not take place due to the seller withdrawing from the sale.
Security	0	0	0	0%	
Computer equipment	0	0	0	0%	
Furniture and fittings	604 984	515 000	- 89 984	-15%	New furniture and equipment was urgently required by office bearers
Office equipment	0	0	0	0%	
Plant and equipment	148 807	120 000	- 28 807	-24%	A replacement PA system was purchased as the old one broke during the year
Motor vehicles	539 256	615 000	75 744	12%	Favourable prices were negotiated with suppliers
Lease equipment	0	300 000	300 000		
	<u>1 561 547</u>	<u>4 063 785</u>	<u>2 502 238</u>		
<b>Total of all assets</b>	<u>56 573 717</u>	<u>66 282 531</u>	<u>9 708 814</u>		



INGWE LOCAL MUNICIPALITY  
UNAUDITED APPENDIX C  
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT  
As at 30 June 2013

	Cost or Valuation						Accumulated depreciation						
	Opening balance	Additions	Under Construction	Adjustments	Disposals	Closing balance	Opening balance	Current year depreciation	Adjustments	Disposals	Impairment / (Reversal of impairment)	Closing balance	Carrying value
	R	R		R	R	R	R	R	R	R		R	R
Land	1,630,000.00					1,630,000.00	-	-			-	-	1,630,000.00
Buildings	7,949,270.00	253,500.00	15,000.00			8,217,770.00	1,933,402.14	261,306.52			1,896,474.17	4,091,182.83	4,126,587.17
<b>Total Land and buildings</b>	<b>9,579,270.00</b>	<b>253,500.00</b>	<b>15,000.00</b>	<b>-</b>	<b>-</b>	<b>9,847,770.00</b>	<b>1,933,402.14</b>	<b>261,306.52</b>	<b>-</b>	<b>-</b>	<b>1,896,474.17</b>	<b>4,091,182.83</b>	<b>5,756,587.17</b>
<b>Infrastructure</b>													
Roads	26,113,885.12	-	16,239,081.61	-	-	42,352,966.73	5,213,087.00	1,015,784.74	-	-	1,883,313.77	8,112,185.51	34,240,781.22
	<b>26,113,885.12</b>	<b>-</b>	<b>16,239,081.61</b>	<b>-</b>	<b>-</b>	<b>42,352,966.73</b>	<b>5,213,087.00</b>	<b>1,015,784.74</b>	<b>-</b>	<b>-</b>	<b>1,883,313.77</b>	<b>8,112,185.51</b>	<b>34,240,781.22</b>
<b>Community assets</b>													
Taxi ranks	9,018,603.00	326,405.00				9,345,008.00	652,755.88	569,141.00	-	-	323,352.82	1,545,249.70	7,799,758.30
Community halls	27,406,943.00	4,837,088.63	8,994,034.50	-2,007,264.00		39,230,802.13	2,794,635.00	1,014,106.89	-	-	2,576,949.95	6,365,691.84	32,645,110.29
Libraries	2,695,332.22	-				2,695,332.22	939,073.00	93,949.14	-	-	203,592.73	1,236,614.87	1,458,717.35
Public places	232,004.00		7,400.00			239,404.00	73,443.00	13,223.00	11,795.38	-	36,002.02	134,463.40	104,940.60
Sports fields	11,046,836.00		10,913,243.65			21,960,079.65	86,099.71	220,456.00	-	-	445,332.00	751,887.71	21,208,191.94
Refuse site	3,235.00	-2,973.00	-	-	-	262.00	2,737.31	249.00	-	-	-	2,986.31	-2,724.31
	<b>50,402,953.22</b>	<b>5,160,520.63</b>	<b>19,914,678.15</b>	<b>-2,007,264.00</b>	<b>-</b>	<b>73,470,888.00</b>	<b>4,548,743.90</b>	<b>1,911,125.04</b>	<b>11,795.38</b>	<b>-</b>	<b>3,585,229.52</b>	<b>8,511,644.13</b>	<b>63,413,994.16</b>
<b>Other assets</b>													
Security	684,203.12	138,908.76	-	-	-	823,111.88	347,908.22	71,816.56	-	-	-	419,724.78	403,387.10
Computer equipment	804,287.00	455,432.00	-	-	23,165.00	1,236,554.00	393,530.00	175,805.00	-	-	-	569,335.00	667,219.00
Furniture and fittings	1,127,345.44	14,662.00	-	-	-	1,142,007.44	667,087.00	127,331.42	-	-	-	794,418.42	347,589.02
Office equipment - owned	512,066.55	134,889.24	-	-	-	646,955.79	291,519.00	68,431.95	-	-	-	359,950.95	287,004.84
Plant and equipment	493,306.18	148,807.10	-	-	-	642,113.28	270,406.00	89,876.39	-	-	-	360,282.39	281,830.89
Motor vehicles	4,211,879.30	539,256.00	-	-	-	4,751,135.30	1,456,747.00	622,140.16	-	-	117,571.00	2,196,458.16	2,554,677.14
Locomotives and coaches	6,553,145.22					6,553,145.22	660,894.38	281,599.13				942,493.51	5,610,661.71
	<b>14,386,232.81</b>	<b>1,431,955.10</b>	<b>-</b>	<b>-</b>	<b>23,165.00</b>	<b>15,795,022.91</b>	<b>4,088,081.60</b>	<b>1,437,000.60</b>	<b>-</b>	<b>-</b>	<b>117,571.00</b>	<b>5,642,653.20</b>	<b>11,697,620.71</b>
<b>Leased assets</b>													
Office equipment - leased	359,000.00	-			-	359,000.00	59,833.33	71,800.00	-	-		131,633.33	227,366.67
<b>Total of all assets</b>	<b>100,841,341.15</b>	<b>6,845,975.73</b>	<b>36,168,759.76</b>	<b>-2,007,264.00</b>	<b>23,165.00</b>	<b>141,825,647.64</b>	<b>15,843,147.97</b>	<b>4,697,016.90</b>	<b>11,795.38</b>	<b>-</b>	<b>7,482,588.46</b>	<b>26,489,299.00</b>	<b>115,336,348.64</b>

INGWE MUNICIPALITY  
APPENDIX C  
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT  
As at 30 June 2012

	Cost or Valuation						Accumulated depreciation						Carrying value
	Opening balance	Additions	Under Construction	Adjustments	Disposals	Closing balance	Opening balance	Current year depreciation	Adjustments	Disposals	Impairment / (Reversal of Impairment)	Closing balance	
	R	R		R	R	R	R	R	R	R		R	R
Land	1,630,000.00					1,630,000.00	-	-			-	-	1,630,000.00
Buildings	7,092,063.24	779,144.24	78,063.97			7,949,271.45	1,487,083.25	222,035.86	224,283.03	-	1,896,474.17	3,829,876.31	4,119,395.14
<b>Total Land and buildings</b>	<b>8,722,063.24</b>	<b>779,144.24</b>	<b>78,063.97</b>	<b>-</b>	<b>-</b>	<b>9,579,271.45</b>	<b>1,487,083.25</b>	<b>222,035.86</b>	<b>224,283.03</b>	<b>-</b>	<b>1,896,474.17</b>	<b>3,829,876.31</b>	<b>5,749,395.14</b>
<b>Infrastructure</b>													
Roads	9,713,331.00	3,580,520.00	12,889,880.00	-	166,236.00	26,017,495.00	3,782,202.00	657,582.00	-26,262.24	166,236.00	1,883,314.00	6,130,599.76	19,886,895.24
Streetlights	96,391.00	-	-	-	-	96,391.00	38,556.00	3,855.64	-	-	-	42,411.64	53,979.36
	<b>9,809,722.00</b>	<b>3,580,520.00</b>	<b>12,889,880.00</b>	<b>-</b>	<b>166,236.00</b>	<b>26,113,886.00</b>	<b>3,820,758.00</b>	<b>661,437.64</b>	<b>-26,262.24</b>	<b>166,236.00</b>	<b>1,883,314.00</b>	<b>6,173,011.40</b>	<b>19,940,874.60</b>
<b>Community assets</b>													
Taxi ranks	2,027,546.15	5,276,803.17	1,714,254.10	-	-	9,018,603.42	561,244.61	141,157.58	-49,646.36	-	323,352.82	976,108.65	8,042,494.77
Community halls	19,810,190.35	4,814,290.21	2,782,462.76	-	-	27,406,943.32	2,025,897.15	721,227.78	-712,198.32	-	2,712,529.95	4,747,456.56	22,659,486.76
Libraries	2,695,332.22	-	-	-	-	2,695,332.22	420,707.80	93,949.14	11,185.12	-	203,593.00	729,435.05	1,965,897.17
Public places	189,809.84	-	42,195.00	-	-	232,004.84	60,689.83	12,602.19	150.97	-	36,002.02	109,445.01	122,559.83
Sports fields	2,468,151.73	2,141,643.00	6,452,127.65	-	-	11,061,922.38	137,268.72	86,099.71	-137,268.72	-	445,332.00	531,431.71	10,530,490.67
Refuse site	3,235.00	-	-	-	-	3,235.00	3,234.00	-	-3,234.00	-	-	-	3,235.00
	<b>27,194,265.29</b>	<b>12,232,736.38</b>	<b>10,991,039.51</b>	<b>-</b>	<b>-</b>	<b>50,418,041.18</b>	<b>3,209,042.10</b>	<b>1,055,036.40</b>	<b>-891,011.31</b>	<b>-</b>	<b>3,720,809.79</b>	<b>7,093,876.99</b>	<b>43,324,164.19</b>
<b>Other assets</b>													
Security	684,203.12	-	-	-	-	684,203.12	135,558.95	86,952.60	235,320.36	-	-	457,831.91	226,371.21
Computer equipment	648,718.50	155,568.56	-	-	-	804,287.06	325,345.26	148,163.04	-45,172.37	-	-	428,335.94	375,951.12
Furniture and fittings	1,113,198.48	14,153.96	-	-	-	1,127,352.44	539,112.72	173,856.01	-24,803.67	-	-	688,165.07	439,187.37
Office equipment - owned	474,277.82	37,788.73	-	-	-	512,066.55	314,991.06	80,262.09	-26,760.59	-	-	368,492.56	143,573.99
Plant and equipment	479,112.45	14,193.73	-	-	-	493,306.18	302,606.43	108,364.20	-39,182.86	-	-	371,787.76	121,518.42
Motor vehicles	4,224,230.11	1,044,235.07	-	-	1,055,762.88	6,212,702.30	1,882,764.76	513,388.12	-16,572.30	897,019.93	117,571.00	1,600,131.66	2,612,570.64
Locomotives and coaches	6,553,145.22	-	-	-	-	6,553,145.22	379,285.25	281,599.13	-	-	-	660,884.38	5,892,260.84
	<b>14,176,885.70</b>	<b>1,265,940.05</b>	<b>-</b>	<b>-</b>	<b>1,055,762.88</b>	<b>14,387,062.87</b>	<b>3,879,664.43</b>	<b>1,392,585.19</b>	<b>82,828.58</b>	<b>897,019.93</b>	<b>117,571.00</b>	<b>4,575,629.27</b>	<b>9,811,433.60</b>
<b>Leased assets</b>													
Office equipment - leased	306,860.00	359,000.00	-	-	306,860.00	359,000.00	167,288.82	68,268.67	-	175,724.16	-	59,833.33	299,166.67
<b>Total of all assets</b>	<b>60,209,796.23</b>	<b>18,217,340.67</b>	<b>23,958,983.48</b>	<b>-</b>	<b>1,528,858.88</b>	<b>100,857,261.50</b>	<b>12,563,836.61</b>	<b>3,399,363.76</b>	<b>-610,161.94</b>	<b>1,238,980.09</b>	<b>7,618,168.96</b>	<b>21,732,227.31</b>	<b>79,125,034.19</b>

**INGWE LOCAL MUNICIPALITY**  
**UNAUDITED APPENDIX E**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2013**

Actual Income	2013			2012		
	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
111,063,786.41	-95,696,977.53	15,366,808.88	BUDGET & TREASURY OFFICE	75,338,224.24	37,821,275.19	37,516,949.05
-	-14,069,198.71	-14,069,198.71	MUNICIPAL COUNCIL	-	13,060,821.38	-13,060,821.38
-	-26,309,290.15	-26,309,290.15	INFRA PLANNING & DEVELOPEMENT	-	9,956,635.24	-9,956,635.24
-	-10,217,315.61	-10,217,315.61	CORPORATE SERV & SOCIAL DEV	-	14,499,492.43	-14,499,492.43
-	-6,254,368.87	-6,254,368.87	COMMUNITY SERVICES	-	-	-
						N1
<b>111,063,786.41</b>	<b>-152,547,150.87</b>	<b>-41,483,364.46</b>		<b>75,338,224.24</b>	<b>75,338,224.24</b>	<b>-</b>

N1 - There were only four departments last year since the community service department was only introduced this year under review.

## REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND COUNCIL ON INGWE MUNICIPALITY

### REPORT ON THE FINANCIAL STATEMENTS

#### Introduction

1. I have audited the financial statements of the Ingwe Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

#### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor-general's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ingwe Municipality as at 30 June 2013 and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

#### Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

#### Restatement of corresponding figures

8. As disclosed in note 35 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of errors discovered during 2013 in the financial statements of the municipality at, and for the year ended, 30 June 2012.

#### Material impairment

9. As disclosed in note 4 to the financial statements, the municipality impaired its trade debts by R5,74 million as a result of the annual review of outstanding debts.

#### Unauthorised expenditure

10. As disclosed in note 28 to the financial statements, unauthorised expenditure amounting to R4,10 million was incurred as the municipality had exceeded the limits provided for in its approved budget.

#### Irregular expenditure

11. As disclosed in note 30 to the financial statements, irregular expenditure amounting to R33,46 million was incurred as a result of contracts awarded to suppliers that contravened Municipal Supply Chain Management Regulations (MSCMR).

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

#### Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.
14. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information* (FMPPI).
15. The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
16. The material findings are as follows:

## Usefulness of information

### Presentation

#### Measures taken to improve performance not disclosed

17. Section 46(1)(c) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) requires disclosure in the annual performance report of measures taken to improve performance where planned targets were not achieved. Measures to improve performance for 73% of the planned targets not achieved were not reflected in the annual performance report. This was due to a lack of review of the reported performance information and the fact that an annual performance report disclosure checklist was not developed and implemented by management.

### Consistency

#### Reported indicators and targets not consistent with planned indicators and targets

18. Section 41(c) of the MSA requires that the integrated development plan (IDP) should form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. None of the reported indicators and targets (100%) were consistent with the approved service delivery budget implementation plan (SDBIP). This was due to a lack of development and implementation of proper performance planning and management practices to provide for the development of relevant performance indicators and targets and proper reviews of the IDP, SDBIP and annual performance report.

#### Changes to indicators and targets not approved

19. Section 25(2) of the MSA determines that an IDP adopted by a municipal council may be amended in terms of section 34 and remains in force until an IDP is adopted by the next elected council. Therefore, if the IDP is changed in-year, this process has to take place in accordance with the process as prescribed per section 34 of the MSA. All of the indicators and targets (100%) reported in the annual performance report were changed in-year without following the process as prescribed in section 34 of the MSA and without adoption by the council. This was due to the IDP manager not developing an MSA compliance checklist and the accounting officer not ensuring that changes made to the annual performance report were in compliance with the MSA.

### Measurability

#### Performance targets not specific

20. The FMPPI requires that performance targets must be specific in clearly identifying the nature and required level of performance. None of the targets (100%) were specific in clearly identifying the nature and the required level of performance. This was due to the lack of proper reviews of performance indicators by the IDP manager and internal audit to ensure that targets were specific in clearly identifying the nature and required level of performance.

#### Performance indicators not well defined

21. The FMPPI requires that indicators must have clear, unambiguous data definitions so that data can be collected consistently and is easy to understand and use. A total of 73% of the reported indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to a lack of proper review of performance indicators by the IDP manager and internal audit to ensure that indicators were well defined.

#### Indicators not verifiable

22. The FMPPI requires that it must be possible to validate the processes and systems that produce the indicator. A total of 73% of the indicators were not verifiable in that valid processes and systems that produced the information on actual performance did not exist. This was due to a lack of proper review of performance indicators by the IDP manager and internal audit to ensure that indicators were verifiable and supported by valid processes to produce the actual outcome.

#### Reliability of information

##### Reported performance not reliable

23. The FMPPI requires that the municipality must have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. The information presented with respect to the provision of electrification to households was not reliable when compared to the source information and evidence provided. This was due to a lack of review of the recording of actual achievements against their supporting documentation by the IDP manager and internal audit.

#### Compliance with laws and regulations

24. I performed procedures to obtain evidence that the municipality has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

##### Annual financial statements and performance reports

25. The financial statements submitted for auditing were not prepared, in all material respects, in accordance with the requirements of section 122 of the MFMA. Material misstatements of current assets, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.
26. The annual performance report for the year under review did not include measures taken to improve performance, as required by section 46(1)(c) of the MSA.

#### Audit committee

27. The audit committee did not advise the council on matters relating to compliance with legislation, as required by section 166(2)(a)(vii) of the MFMA.

#### Internal audit

28. The internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to compliance with the MFMA, DoRA and other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.

#### Procurement and contract management

29. Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by MSCMR 13(c).
30. Goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, as required by MSCMR 17(a) and (c).
31. Quotations were accepted from prospective providers who were not registered on the list of accredited prospective providers and did not meet the listing requirements prescribed by the supply chain management policy, in contravention of MSCMR 16(b) and 17(b).
32. Bid adjudication was not always done by committees composed in accordance with MSCMR 29(2).

#### Human resource management and compensation

33. An acting municipal manager was appointed for a period of more than six months, in contravention of section 54A(2A)(a) of the MSA.

#### Expenditure management

34. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.

#### Waste management

35. The municipality operated its waste disposal sites without a waste management licence or permit, in contravention of section 20(b) of the National Environmental Management: Waste Act of South Africa, 2008 (Act No. 59 of 2008) and section 20(1) of the Environmental Conservation Act of South Africa, 1989 (Act No. 73 of 1989).

#### Internal control

36. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

#### Leadership

37. The accounting officer did not exercise effective oversight responsibility to ensure that the municipality complied with all laws and regulations as well as maintained an effective system of internal control over performance management. Actions were inadequate to



mitigate weaknesses to address irregular expenditure and performance reporting shortcomings.

#### Financial and performance management

- 38. Systems and controls were not designed in a manner to prevent, detect and address risks that had an impact on accurate financial statements, performance and compliance reporting.
- 39. The accounting officer did not ensure that regular, accurate and complete performance reports were prepared and monitored regularly.

#### Governance

- 40. The internal audit unit and audit committee did not adequately review the internal controls over the financial statements and performance management.

#### OTHER REPORTS

##### Investigation completed during the financial year

- 41. An investigation was conducted by an independent consulting firm on request of the municipal public accounts committee. The investigation was initiated based on the leaking of confidential information to the media during the 2011-12 financial year. The result of the investigation revealed that no officials could be found liable.

*auditor-general*  
Pietermaritzburg

30 November 2013



**AUDITOR-GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*

## ASSESSMENT OF TAXES AND ARREARS REPORT THE PERIOD ENDING 30 JUNE 2014

By the Accounting Officer

Customer	Current	31-60 Days	61-90 Days	91-120 days	Total
Consumers	-359	10 166	13 768	1 195 853	1 219 428
Industrial/Commercial	13 018	2 467	5 973	1 355 379	1 376 837
Government	28 464	33 884	33 845	4 453 834	4 550 027

### Consumer debtors past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2013, R 141 226 (2012: 143 324) were past due but not impaired. The ageing of amounts past due but not impaired is as follows:

1 month past due	R 41 123
2 months past due	R 46 517
3 months past due	R 53 586

As of 30 June 2013, consumer debtors of R7 002 326 (2012: 5 252 341) were impaired and provided for. The amount of the provision was R5 737 745 as of 30 June 2013 (2012: 1 935 322). The material increase was caused by the increase of the Government debt provision. The government department culture of not paying is still a challenge. Various efforts have been made through CoGTA and Provincial/National Treasury to recover the Government outstanding debt. During 2013 financial year no grant was withheld by National Treasury.

The municipality assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. We have over collected on property rates, and fines. The refuses removal fees were under collected.

The municipality accounts its VAT on a payment basis. SARS owed the municipality an amount of R1 945 125.00 at 30 June 2013. No provision was raised for SARS debt. A security deposit of R133 471 was made to Eskom for all Municipal electricity accounts.

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) was based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market was determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair

value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

### **Taxation Revenue**

The Municipality raised Property Rates of R4 692 529.00 during the year and the penalties imposed for non-payment amounts to R434 180. An increase of 69% on penalties imposed indicates a non-payment culture on the side of our customers. As an Accounting Officer of Ingwe Municipality I will make sure that the mission of the present Council is achieved by ensuring that:

- All consumers pay for the services that are supplied and consumed according to the approved tariff structure of the **INGWE Local Council**.
- All consumer account related enquiries are attended to promptly and diligently.
- All the consumers' needs regarding credit control in such manner that it should not be necessary to have property or goods attached for a sale in execution unless under the most extreme circumstances..
- Municipal credit control officials are sufficiently trained and that they will be able to attend to all credit control related functions and enquiries.

The valuations of Residential Property and State properties amounted to R1 337 441 818 (2012: R1 104 753 000) respectively. Valuations of properties within the boundaries of the Municipal area are performed every five years. The current valuation in use came into effect on 1 July 2009, with the valuation having been performed on 02 July 2008. Interim valuations are carried out to take account of changes in individual property values due to subdivisions, property improvements etc. The most recent supplementary valuation was carried out on 30 June 2013 yielding a total property value of R1 337 441 818.

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**NC VEZI**  
**MUNICIPAL MANAGER**

# INGWE MUNICIPALITY

## MANAGEMENT ACTION PLAN FOR 2012/2013 AUDIT YEAR

Audit Ref Number	FINDING	QUERY	ACTION	RESPONSIBLE PERSON	COMPLITION DATE
9.	<b>Material impairment</b>	As disclosed in note 4 to the financial statements, the municipality impaired its trade debts by R5,74 million as a result of the annual review of outstanding debts.	<ul style="list-style-type: none"> <li>• Monthly reconciliation will be prepared</li> <li>• Dashboard Report (reconciliations) will tabled to the management committee.</li> <li>• Provision for Debtors and other Provisions will be assessed every quarter</li> </ul>	CFO	28 February 2014
10.	<b>Unauthorised expenditure</b>	As disclosed in note 28 to the financial statements, unauthorised expenditure amounting to R4,10 million was incurred as the municipality had exceeded the limits provided for in its approved budget.	<ul style="list-style-type: none"> <li>• Monthly budget statement will be improved to include material variance reports</li> <li>• Register of unauthorised expenditure shall be kept and monitored</li> <li>• Review of virement and budget policies to incorporate relevant regulation and circulars</li> <li>• Development and implementation of budget checklist</li> <li>• Training and workshop for budget steering committee will be conducted</li> </ul>	CFO	28 February 2014
11.	<b>Irregular expenditure</b>	As disclosed in note 30 to the financial statements, irregular expenditure amounting to R33,46 million was incurred as a result of contracts awarded to suppliers that contravened Municipal Supply Chain Management Regulations (MSCMR).	<ul style="list-style-type: none"> <li>• SCM workshop and SCM Training will be organised for SCM staff and Bid Committee members</li> <li>• SCM compliance checklist will be formulated and utilised</li> <li>• Trans Union system will be used to avoid doing business with</li> </ul>	CFO	28 February 2014



		<p>the MSA. All of the indicators and targets (100%) reported in the annual performance report were changed in-year without following the process as prescribed in section 34 of the MSA and without adoption by the council. This was due to the IDP manager not developing an MSA compliance checklist and the accounting officer not ensuring that changes made to the annual performance report were in compliance with the MSA.</p>			24 January 2014
14.	<b>Performance targets not specific</b>	<p>The FMPPI requires that performance targets must be specific in clearly identifying the nature and required level of performance. None of the targets (100%) were specific in clearly identifying the nature and the required level of performance. This was due to the lack of proper reviews of performance indicators by the IDP manager and internal audit to ensure that targets were specific in clearly identifying the nature and required level of performance.</p>	<ul style="list-style-type: none"> <li>• The SDBIP will be revised during the Mid Year assessment to ensure the reported indicators and targets (100%) are consistent</li> <li>• PMS framework will be reviewed to ensure targets, objectives and indicators are properly</li> </ul>	PMS	24 January 2014
15.	<b>Performance indicators not well defined</b>	<p>The FMPPI requires that indicators must have clear, unambiguous data definitions so that data can be collected consistently and is easy to understand and use. A total of 73% of the reported indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to a lack of proper review of performance indicators by the IDP manager and</p>	<ul style="list-style-type: none"> <li>• PMS framework will be reviewed and be work shoped to ensure performance indicators are well defined</li> <li>• Before the IDP is tabled to Council for adoption the IDP Manager and Internal Audit Unit will review performance to ensure that indicators were well defined.</li> </ul>	PMS	24 January 2014

		internal audit to ensure that indicators were well defined.			
16.	<b>Indicators not verifiable</b>	The FMPPI requires that it must be possible to validate the processes and systems that produce the indicator. A total of 73% of the indicators were not verifiable in that valid processes and systems that produced the information on actual performance did not exist. This was due to a lack of proper review of performance indicators by the IDP manager and internal audit to ensure that indicators were verifiable and supported by valid processes to produce the actual outcome.	<ul style="list-style-type: none"> <li>• PMS framework will be reviewed and be work shopped to ensure performance indicators are well defined</li> <li>• Before the IDP is tabled to Council for adoption the IDP Manager and Internal Audit Unit will review performance to ensure that indicators were well defined.</li> </ul>	PMS	24 March 2014
17.	<b>Reported performance not reliable</b>	The FMPPI requires that the municipality must have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. The information presented with respect to the provision of electrification to households was not reliable when compared to the source information and evidence provided. This was due to a lack of review of the recording of actual achievements against their supporting documentation by the IDP manager and internal audit.	<ul style="list-style-type: none"> <li>• PMS framework will be reviewed and be work shopped to ensure performance indicators are well defined</li> <li>• Before the IDP is tabled to Council for adoption the IDP Manager and Internal Audit Unit will review performance to ensure that indicators were well defined.</li> </ul>	PMS	24 January 2014
18.	<b>Annual financial</b>	The financial statements submitted for auditing were not prepared, in all	<ul style="list-style-type: none"> <li>• Monthly Financial Statements will be prepared</li> </ul>	Mbongwa/CF O	31 January 2014

	<b>statements and performance reports</b>	material respects, in accordance with the requirements of section 122 of the MFMA. Material misstatements of current assets, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.	<ul style="list-style-type: none"> <li>Quarterly financial statements will submitted to the Audit Committee for review</li> <li>PMS Report will now prepared and be tabled to Management Committee</li> <li>Quarterly PMS will be submitted to the Audit Committee for review</li> </ul>		
19.	<b>Annual financial statements and performance reports</b>	The annual performance report for the year under review did not include measures taken to improve performance, as required by section 46(1)(c) of the MSA.	<ul style="list-style-type: none"> <li>Audit action plan will be a standing item on all MANCO meetings</li> <li>Internal Audit will audit the progress on the implementation plan and report to the Audit committee accordingly</li> </ul>	MM	31 January 2014
20.	<b>Audit committee</b>	The audit committee did not advise the council on matters relating to compliance with legislation, as required by section 166(2)(a)(vii) of the MFMA	<ul style="list-style-type: none"> <li>In future the committee will prepare their reports to the council on a quarterly basis. More interaction between the Audit Committee and Council will be encouraged going forward.</li> </ul>	Internal Audit/MM	Quarterly (31 March 2014)
21.	<b>Internal audit</b>	The internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to compliance with the MFMA, DoRA and other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.	<ul style="list-style-type: none"> <li>The Internal Audit unit has been capacitated through outsourcing.</li> <li>Reports issued to management by the internal audit unit arising from the audits will be tabled to the audit committees</li> <li>The Audit committee will ensure that the Internal Audit reports meet the required auditing standards, regarding internal control and compliance with</li> </ul>	Internal Audit/MM	Quarterly (31 March 2014)



			MFMA. DoRA reporting functions, in particular.		
22.	<b>Procurement and contract management</b>	Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by MSCMR 13(c).	<ul style="list-style-type: none"> <li>• MBD 4 forms will be attached to each document for declaration</li> <li>• SCM Compliance checklist will be developed and implemented</li> </ul>	CFO	28 February 2014
23.	<b>Procurement and contract management</b>	Goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, as required by MSCMR 17(a) and (c).	<ul style="list-style-type: none"> <li>• SCM workshop and Training will be organised to address all SCM challenges</li> <li>• SCM Compliance checklist will be developed and implemented</li> <li>• In order to attract many suppliers, quotations will now be placed on provincial newspaper(not only website and notice board)</li> </ul>	CFO	28 February 2014
24.	<b>Procurement and contract management</b>	Quotations were accepted from prospective providers who were not registered on the list of accredited prospective providers and did not meet the listing requirements prescribed by the supply chain management policy, in contravention of MSCMR 16(b) and 17(b).	<ul style="list-style-type: none"> <li>• Compliance check list will be amended to ensure that only Suppliers registered on a database are utilised</li> </ul>	CFO	24 January 2014
25	<b>Procurement and contract management</b>	Bid adjudication was not always done by committees composed in accordance with MSCMR 29(2).	<ul style="list-style-type: none"> <li>• All Senior Managers positions have been filled, should one senior manager resigned the senior finance official will be appointed to act in order to avoid non-compliance.</li> </ul>	CFO	24 January 2014

26.	<b>Human resource management and compensation</b>	An acting municipal manager was appointed for a period of more than six months, in contravention of section 54A(2A)(a) of the MSA.	<ul style="list-style-type: none"> <li>The Recruiting Policy will be reviewed to incorporate the specific/allowed time clause the Senior Manager is expected to act in the Position of the Accounting Officer.</li> <li>The Management and Councillors will be work shopped on that policy</li> </ul>	HUMAN RESOURCE	Ongoing
27.	<b>Expenditure management</b>	Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.	<ul style="list-style-type: none"> <li>Compliance check list will be amended to ensure that only Suppliers registered on a database are utilised</li> </ul>	CFO	28 February 2014
28.	<b>Waste management</b>	The municipality operated its waste disposal sites without a waste management licence or permit, in contravention of section 20(b) of the National Environmental Management: Waste Act of South Africa, 2008 (Act No. 59 of 2008) and section 20(1) of the Environmental Conservation Act of South Africa, 1989 (Act No. 73 of 1989).	<ul style="list-style-type: none"> <li>The Municipality will engage the Department of Environmental Affairs to assist with the process of licensing all its landfill the Sites</li> </ul>	IPD	31 August 2014
29.	<b>Financial and performance management</b>	Systems and controls were not designed in a manner to prevent, detect and address risks that had an impact on accurate financial statements, performance and compliance reporting.	<ul style="list-style-type: none"> <li>The Position of the CFO and PMS Manager have been filled.</li> <li>Current systems and controls will be reviewed and be designed in a manner to prevent, detect and address risks might had an impact on accurate financial statements, performance and compliance reporting</li> </ul>	CFO/PMS/M M	Ongoing
30.	<b>Financial and performance</b>	The accounting officer did not ensure that regular, accurate and complete performance reports were prepared and monitored regularly.	<ul style="list-style-type: none"> <li>Monthly Financial Statements will be prepared</li> <li>Quarterly financial statements</li> </ul>	CFO/PMS/M M	31 January 2014

	<b>management</b>		<p>will submitted to the Audit Committee for review</p> <ul style="list-style-type: none"> <li>• PMS Report will now prepared and be tabled to Management Committee</li> <li>• Quarterly PMS will be submitted to the Audit Committee for review</li> </ul>		
31.	<b>Governance</b>	The internal audit unit and audit committee did not adequately review the internal controls over the financial statements and performance management	<ul style="list-style-type: none"> <li>• The Internal Audit unit has been capacitated through outsourcing.</li> <li>• Reports issued to management by the internal audit unit arising from the audits will be tabled to the audit committees</li> <li>• The Audit committee will ensure that the Internal Audit reports meet the required auditing standards, regarding internal control and compliance with MFMA. DoRA reporting functions, in particular</li> </ul>	Errol/MM	Quarterly(March 2014)
32.	<b>Measures taken to improve performance not disclosed</b>	<p>Section 46(1)(c) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) requires disclosure in the annual performance report of measures taken to improve performance where planned targets were not achieved. Measures to improve performance for 73% of the planned targets not achieved were not reflected in the annual performance report. This was due to a lack of review of the reported performance information and the fact that an annual performance report disclosure checklist was not developed and implemented by management.</p>	<ul style="list-style-type: none"> <li>• IDP/PMS Manager has been appointed to ensure all PMS compliance issues are adhered to</li> <li>• Annual performance report disclosure checklist will be developed and be utilised</li> <li>• The Internal Audit unit will review the reported performance information on a quarterly and then report to the Audit Committee.</li> <li>• The Municipal Manager will review the report and then, forward it to the internal audit unit as well as the audit</li> </ul>	PMS	24 January 2013

			<p>committee for auditing and review.</p> <ul style="list-style-type: none"> <li>• All these processes, including review notes and recommendations, will be documented to provide evidence that the processes were properly followed</li> </ul>		
33.	<b>24. Reported indicators and targets not consistent with planned indicators and targets</b>	<p>Section 41(c) of the MSA requires that the integrated development plan (IDP) should form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. None of the reported indicators and targets (100%) were consistent with the approved service delivery budget implementation plan (SDBIP). This is due to a lack of development and implementation of proper performance planning and management practices to provide for the development of relevant performance indicators and targets and proper reviews of the IDP, SDBIP and annual performance report.</p>	<ul style="list-style-type: none"> <li>• The SDBIP will be revised during the Mid Year assessment to ensure the reported indicators and targets (100%) are consistent</li> <li>• PMS framework will be reviewed to ensure targets, objectives and indicators are properly</li> </ul>	PMS	<p>24 January 2014</p> <p>31 March 2014</p>
34.	<b>Changes to indicators and targets not approved</b>	<p>Section 25(2) of the MSA determines that an IDP adopted by a municipal council may be amended in terms of section 34 and remains in force until an IDP is adopted by the next elected council. Therefore, if the IDP is changed in-year, this process has to take place in accordance with the process as prescribed per section 34 of the MSA. All of the indicators and targets (100%)</p>	<ul style="list-style-type: none"> <li>• The PMS Policy will be reviewed to ensure all changes made to the SDBIP/IDP/PMS are done in terms of legislation</li> <li>• IDP/PMS Manager has been appointed to ensure all PMS compliance issues are adhered</li> <li>• MSA compliance checklist will be developed and be implemented</li> </ul>	PMS	31 May 2014

		reported in the annual performance report were changed in-year without following the process as prescribed in section 34 of the MSA and without adoption by the municipal council. This was due to the IDP manager not developing an MSA compliance checklist and the accounting officer not ensuring that changes made to the annual performance report were in compliance with the MSA.			31 March 2014
35.	<b>Performance indicators not well defined</b>	The FMPPI requires that indicators must have clear, unambiguous data definitions so that data can be collected consistently and is easy to understand and use. A total of 73% of the reported indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to a lack of proper review of performance indicators by the IDP manager and internal audit to ensure that indicators were well defined.	<ul style="list-style-type: none"> <li>• The SDBIP revised during the Mid Year assessment to ensure the reported indicators and targets (100%) are consistent</li> <li>• PMS framework will be reviewed to ensure targets, objectives and indicators are properly</li> </ul>	PMS	07 January 2014
36.	<b>Performance indicators not well defined</b>	The FMPPI requires that indicators must have clear, unambiguous data definitions so that data can be collected consistently and is easy to understand and use. A total of 73% of the reported indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to a lack of proper review of performance indicators by the IDP manager and internal audit to ensure that indicators	<ul style="list-style-type: none"> <li>• PMS framework will be reviewed and be work shopped to ensure performance indicators are well defined</li> <li>• Before the IDP is tabled to Council for adoption the IDP Manager and Internal Audit Unit will review performance to ensure that indicators were well defined.</li> </ul>	PMS	31 March 2014

		were well defined.			
37.	<b>30. Reliability of selected development objectives in the annual performance report</b>	The FMPPI requires that the municipality should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. The information presented with respect to the provision of basic level of electrification to households was not reliable when compared to the source documentation and/or evidence provided. This was due to a lack of review of the recording of actual achievements against their supporting documentation by the IDP manager and internal audit.	<ul style="list-style-type: none"> <li>IDP/PMS Manager has been appointed to ensure all PMS compliance issues are adhered to</li> <li>Annual performance report disclosure checklist will be developed and be utilised</li> <li>The Internal Audit unit will review the reported performance information on a quarterly and then report to the Audit Committee.</li> </ul>	PMS	24 January 2014
38.	<b>Oversight responsibility</b>	Management did not perform regular monitoring and supervision to assess the effectiveness of internal controls over the performance management system and compliance with applicable Municipal SCM laws and regulations.	<ul style="list-style-type: none"> <li>SCM Policy Implementation report will be tabled to the Management committee on a Quarterly Basis</li> </ul>	CFO/MM/IA/PMS	Quarterly (31 December 2013)
39.	<b>Oversight responsibility</b>	The municipal council did not exercise adequate oversight over the preparation of the SDBIP and APR to ensure that planned objectives, performance indicators and targets are consistent with the reported objectives, performance indicators and targets	<ul style="list-style-type: none"> <li>The Executive Committee and Budget Steering Committee will be involved when preparing or revising the SDBIP/APR/IDP and Budget in the form Strategic Planning Sessions</li> </ul>	PMS/IA/MM	Ongoing

40.	<b>Human resource management</b>	The CFO acted in the post of the municipal manager for more than 6 months without the required approval.	<ul style="list-style-type: none"> <li>In future position will be filled in less than three months or permission will be sought from COGTA for anyone to act more than three months</li> </ul>	Human Resources	Ongoing
41.	<b>Policies and procedures</b>	The municipality has inadequate processes in place to prevent and detect unauthorised and irregular expenditure as evidenced by the material misstatements corrected during the audit relating to these disclosures.	<ul style="list-style-type: none"> <li>SCM Checklist will be reviewed and be amended to ensure all SCM compliance requirements are performed during the procurement process</li> <li>SCM Checklist will be formulated and be used by all BID committees</li> </ul>	CFO/MM/IA	24 January 2014
42	<b>Policies and procedures</b>	The municipality did not prepare and implement a road infrastructure policy and a road maintenance plan as required by the applicable laws and regulations	<ul style="list-style-type: none"> <li>The Road Maintenance plan will be developed during 2014 and be implemented at the beginning of April 2014.</li> </ul>	IPD	31 March 2014
33.	<b>Action plans to address internal control deficiencies</b>	1. Management developed an action to address previous year's findings however it was not adequately monitored as it resulted in similar findings relating to SCM, performance information and compliance with laws and regulations being reported in current financial year.	<ul style="list-style-type: none"> <li>Audit action plan will be a standing item on all MANCO meetings</li> <li>Internal Audit will audit the progress on the implementation plan and report to the Audit committee accordingly</li> </ul>	MM	6 January 2014
44.	<b>IT governance framework</b>	2. A high level review of the IT general control revealed the following matters that needs	<p>The IT Specialist will be engaged to assist on the following:</p> <ul style="list-style-type: none"> <li>Redesign the server</li> <li>Improve and design security</li> </ul>	Manager Corporate Services	20 January 2014

		<p>improvement:</p> <ul style="list-style-type: none"> <li>• Formal access request documentation</li> <li>• Granting of user access</li> <li>• Backup and recovery procedures</li> <li>• Antivirus protection</li> </ul>	<p>controls</p> <ul style="list-style-type: none"> <li>• Install applications controls on the information system</li> <li>• Backup and recovery procedures</li> <li>• Antivirus protection</li> <li>• Redesign of Website</li> </ul>		
45.	<b>Record management</b>	<p>Significant delays were encountered during the audit as the accounting officer did not implement adequate controls to ensure that documents and records such as financial schedules and reconciliations and portfolio of evidence for performance information, are easily retrievable and made available for audit within the agreed timeframes.</p>	<ul style="list-style-type: none"> <li>• The Provincial Treasury Reconciliation Tracking tool will be utilised to keep all monthly reconciliation.</li> <li>• Monthly dashboard report indicating status of compliance will be tabled to the management</li> </ul>	CFO	29 January 2014
46.	<b>Daily an monthly processing and reconciling of transactions</b>	<p>The acting CFO has not designed and implemented a control to track the receipt of invoices to ensure that the invoice is paid within 30 days thereof.</p>	<ul style="list-style-type: none"> <li>• Invoice process checklist will be formulated and be implemented to ensure that all invoices are tracked</li> <li>• Non-adherence to the invoice process checklist will be reported to Management on a monthly basis</li> <li>• "Received stamp "will be utilised on all incoming invoices</li> </ul>	CFO	02 January 2014
47.	<b>Daily and monthly processing and</b>	<p>Payment vouchers are not adequately reviewed by the acting CFO to ensure the correct vote allocation which resulted in misclassification of expenses.</p>	<p>The Position of the CFO has been filled. This will reduce the work burden from the assistant CFO and segregate the incompatible functions</p>	CFO	02 January 2014



	reconciling of transactions				
48.	<b>Regular, accurate and complete financial and performance reports</b>	The asset register is not maintained and reviewed on a monthly basis as evidenced by the numerous challenges experienced during the audit.	<ul style="list-style-type: none"> <li>Monthly asset reconciliation will be performed</li> </ul>	CFO	28 February 2014
49	<b>Compliance monitoring</b>	Material non-compliance with applicable laws and regulations could have been prevented had management implemented and monitored compliance checklists for SCM and performance information.	<ul style="list-style-type: none"> <li>SCM Checklist and other procurement checklist will be formulated and be implemented</li> </ul>	CFO	31 December 2013
50.	<b>IT systems</b>	<p>Management has failed to implement formal IT controls with regards to designing the following:</p> <ul style="list-style-type: none"> <li>Adequate user security awareness processes</li> <li>Processes to review access and logon violations</li> </ul> <p>Adequate processes to manage security settings</p>	<p>The IT Specialist will be engaged to assist on the following:</p> <ul style="list-style-type: none"> <li>Redesign the server</li> <li>Improve and design security controls</li> <li>Install applications controls on the information system</li> <li>Backup and recovery procedures</li> <li>Antivirus protection</li> </ul>	Manager Corporate Services	24 January 2014

# CHAPTER 6

## SERVICE DELIVERY

Introduction

Office of the Municipal Manager

Financial Services

Infrastructure Planning and Development

Community Services

Corporate Services

Reasons for not Meeting Objectives

## **SERVICE DELIVER INFORMATION**

### **Introduction**

Ingwe Local Municipality undertakes to meeting definite service delivery and budget spending targets during the specific financial year through the Service Delivery and Budget Implementation

Plan (SDBIP). It is a detailed outline of how the objectives, in quantifiable outcomes, set out in the Integrated Development Plan (IDP) are implemented and linked to the approved annual budget. As the budget gives effect to the strategic priorities of the municipality, it is important to supplement the budget and IDP with a management and implementation plan.

The SDBIP is a yearly contract agreed to by the administration, council and the community whereby the intended objectives and projected goals are expressed in order to ensure that the desired long-term outcomes are attained. It includes the service delivery targets and performance indicators for each quarter and therefore facilitates management over financial and non-financial performance of the municipality, at every level, and is continuously monitored throughout the year.

In the interests of good governance and better accountability, the SDBIP enables the municipal manager to monitor the performance of senior managers, the mayor to monitor the performance of the municipal manager, and for the community to monitor the performance of the municipality. It must also be consistent with outsourced service delivery agreements.

The SDBIP is essentially the management and implementation mechanism which sets in-year information, such as quarterly service delivery and monthly budget targets, and relates each service delivery output to the budget of the municipality, thus providing realistic management information and a detailed plan for how the municipality will provide such services and the inputs and financial resources to be used. It serves a critical role to focus both the administration and council on outputs by providing clarity of service delivery expectations, expenditure and revenue requirements, service delivery targets and performance indicators.

The SDBIP is a layered plan, with the top layer of the plan dealing with consolidated service delivery targets and linking such targets to top management. As a management and implementation plan, it is a dynamic document that may be revised as actual performance is taken into account or service delivery targets and performance indicators change. However, it may not be revised downwards when there is poor performance (National Treasury MFMA Circular No 13, 2005).

### **Legislation**

The preparation of a Service Delivery and Budget Implementation Plan is required according to the Municipal Finance Management Act No. 56 of 2003 (MFMA), which obliges all spheres of government to be transparent about their financial affairs and clarifies the separate roles and responsibilities of the council, mayor and officials. Section 1 of the MFMA defines the SDBIP as:

“a detailed plan approved by the mayor of a municipality in terms of section 53(1)(c)(ii) for implementing the municipality’s delivery of services and the execution of its annual budget and which must include the following:

- (a) projections for each quarter of -
  - (i) revenue to be collected, by source; and
  - (ii) operational and capital expenditure, by vote;
- (b) service delivery targets and performance indicators for each quarter”.

According to Section 53 of the MFMA, the Mayor is expected to approve the SDBIP within 28 days after the approval of the budget. In addition, the Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the SDBIP are made public within 14 days after its approval.

Section 71 of the MFMA stipulates that reporting on actual revenue targets and spending against the budget should occur on a monthly basis.

Section 52(d) of the MFMA compels the mayor to submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality within 30 days of the end of each quarter. Section 72(1)(a) of the MFMA outlines the requirements for mid-year reporting.

# INGWE MUNICIPALITY - SERVICE DELIVERY PLAN FOR 2012/2013 FINANCIAL YEAR

Dept.	Ward no.	IDP page no.	National KPA	Outcome 9	Municipal strategic objective	Project	Measurable objective / output	Performance measure / indicator	Previous year target	Previous year actual	2012/13 Q1 target	2012/13 Q1 actual	2012/13 Q2 target	2012/13 Q2 actual	2012/13 Q3 target	2012/13 Q3 actual	2012/13 Q4 target	2012/13 Q4 actual	2012/13 annual target	2012/13 annual actual	Reason for not attaining target	Planned measures for improvement and support required to make progress
Corp. Serv.	All	103	Municipal Institutional Development and Transformation	Differentiated Approach to Municipal Financing, Planning and Support	To develop employee's skills to support quality service-delivery	To update the workplace skills plan (WSP)	Completed, implementable plan	Submission to the local government SETA by due date			N/A	N/A	N/A	N/A	N/A	N/A	30-Jun-13	27-Jun-13	30-Jun-13	27-Jun-13	N/A	N/A
Corp. Serv.	All	103	Municipal Institutional Development and Transformation		To have a workforce that is representative of the country's demographics	To update the employment equity plan (EEP)	Completed, implementable plan	Submission to the Department of Labour by due date			N/A	N/A	30-Dec-12	30-Sep-12	N/A	N/A	N/A	N/A	30-Dec-12	30-Dec-12	N/A	N/A
Corp. Serv.	All	103	Municipal Institutional Development and Transformation		To have a workforce that is contented, disciplined and productive in delivering services	Human-resource management	Computerised human resource records and information system	System fully-operational by due date			N/A	N/A	30-Dec-12	30-Nov-12	N/A	N/A	N/A	N/A	30-Dec-12	30-Nov-12	N/A	N/A
Corp. Serv.	All	103	Municipal Institutional Development and Transformation		To have a workforce that is contented, disciplined and productive in delivering services	Human resource policies	Completed, implementable policies	No of policies adopted			N/A	N/A	N/A	N/A	N/A	N/A	8 policies	0	8 policies	0 policies	Process delayed but 19 draft policies are scheduled for workshoping with Council and then adoption by 25 July 2013	Identify and rectify issues that have delayed the preparation of policies
Corp. Serv.	All	103	Municipal Institutional Development and Transformation		Reliable storage and retrieval of information and important documents	Registry	An effective and efficient registry system	No. of registry staff trained			N/A	N/A	N/A	N/A	5	3	N/A	N/A	5	3	Original target inflated - only 3 staff needed training	Set targets that are realistic
Corp. Serv.	All	103	Municipal Institutional Development and Transformation		Reliable storage and retrieval of information and important documents	Registry	An effective and efficient registry system	Registry plan approved by the Department of Arts and Culture by due date			30-Sep-12	1-Aug-12	N/A	N/A	N/A	N/A	N/A	N/A	30-Sep-12	1-Aug-12	N/A	N/A
Corp. Serv.	N/A	104	Municipal Institutional Development and Transformation		To inform the community on municipal affairs	Ingwe emabalabala newsletter	To publish a quarterly newsletter on municipal projects and programmes	Bi-annual publications of the Ingwe emabalabala newsletter by due dates			N/A	N/A	End December	None	N/A	N/A	End June	None	2 newsletters	0 newsletters	Draft was produced but the service provider did not finalise by due date	Ensure that the appointed service providers meet the dates stipulated in the service level agreement
Corp. Serv.	N/A	6/103	Municipal Institutional Development and Transformation	Differentiated Approach to Municipal Financing, Planning and Support	To develop employee's knowledge and skills to support quality service-delivery	Staff training	Training courses attended and completed	Number of staff-members trained			15	15	40	40	65	68	75	86	75 staff-members	86 staff-members	N/A	N/A
Corp. Serv.	All	103	Municipal Institutional Development and Transformation	Differentiated Approach to Municipal Financing, Planning and Support	To create a viable and sustainable work environment	Councilor Training	To capacitate and develop Councilors	Number of councilors trained			N/A	N/A	11	11	N/A	N/A	22	22 times 2 training sessions plus 5 on CPMD = 49	22 councilors	22 councilors	N/A	N/A
Corp. Serv.	N/A	103	Municipal Institutional Development and Transformation	Differentiated Approach to Municipal Financing, Planning and Support	To create a viable and sustainable work environment	Local Labour Forum	Formalised Local Labour Forum	No of LLF meetings			1	1	2	1	3	1	4	1	4 quarterly meetings	1 Meeting	When drafting LLF agenda labour reps failed to submit items and / or reports	Revive the LLF and ensure that it meets on quarterly basis
Corp. Serv.	N/A	103	Municipal Institutional Development and Transformation	Differentiated Approach to	To create a viable and sustainable work environment	Employee Wellness	HIV/AIDS Awareness Campaign	No. of awareness campaigns			N/A	N/A	1	1	N/A	N/A	N/A	N/A	1 campaign	1 campaign	N/A	N/A

INGWE MUNICIPALITY - SERVICE DELIVERY PLAN FOR 2012/2013 FINANCIAL YEAR																						
Dept.	Ward no.	IDP page no.	National KPA	Outcome 9	Municipal strategic objective	Project	Measurable objective / output	Performance measure / indicator	Previous year target	Previous year actual	2012/13 Q1 target	2012/13 Q1 actual	2012/13 Q2 target	2012/13 Q2 actual	2012/13 Q3 target	2012/13 Q3 actual	2012/13 Q4 target	2012/13 Q4 actual	2012/13 annual target	2012/13 annual actual	Reason for not attaining target	Planned measures for improvement and support required to make progress
Corp. Serv.	N/A	103	Municipal Institutional Development and Transformation	Approach to Municipal Financing, Planning and Support	To create a viable and sustainable work environment	Filling of key vacant posts	Filling of key vacant posts	Number of posts filled			3	3	8	14	N/A	N/A	N/A	16	8	16	N/A	N/A
Corp. Serv.	N/A	103	Municipal Institutional Development		Promote sound external and internal	Council Support	Council and Portfolio committee	No of scheduled meetings			1	1	2	4	3	8	4	12	4 Council meetings;	12 Council meetings	N/A	N/A
Corp. Serv.	N/A	103	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	Promote sound external and internal communication	Council Support	Council and Portfolio committee meetings held	No of scheduled meetings convened			1	2	2	5	4	7	6	10	6 EXCO meetings	10 Exco meetings	N/A	N/A
Corp. Serv.	N/A	103	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	Promote sound external and internal communication	Council Support	Council and Portfolio committee meetings held	No of scheduled meetings convened			3	3	6	6	9	9	12	12	12 Finance Committee	12 Finance Committee	N/A	N/A
Corp. Serv.	N/A	103	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	Promote sound external and internal communication	Council Support	Council and Portfolio committee meetings held	No of scheduled meetings convened			1	1	3	4	5	6	6	7	6 Sport	7	N/A	N/A
Corp. Serv.	N/A	103	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	Promote sound external and internal communication	Council Support	Council and Portfolio committee meetings held	No of scheduled meetings convened			1	1	3	3	5	6	6	8	6 Corporate	8	N/A	N/A
Corp. Serv.	N/A	103	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	Promote sound external and internal communication	Council Support	Council and Portfolio committee meetings held	No of scheduled meetings convened			1	1	3	3	5	5	6	7	6 IPD Committee	7	N/A	N/A
Com. Serv.	All	104	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	To promote sound external and internal communication	Public Participation	To promote establishment and functionality of ward committees.	Number of Wards Committee Meetings at Ward Level			22	10	44	17	66	26	88	35	88	35	Only towards FY end did ward committees begin to experience challenges. No dedicated Public Participation Officer for maximum facilitation	Appoint Public Participation Officer to ensure that Ward Committees are functionally
Com. Serv.	All	104	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	To promote sound external and internal communication	Public Participation	To promote establishment and functionality of ward committees.	Number of Central Ward Committee Meetings			1	1	2	2	3	3	4	3	4	3	Quarter 4 central meeting was postponed due to special council workshop	Responsible department will ensure that a meeting is reschedule for another day if found that the scheduled meeting has been interrupted
Com. Serv.	All	104	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	To promote sound external and internal communication	Capacity Building for Wards Committees	To capacitate ward committees	Number of Trainings Sessions			N/A	N/A	1	1	2	2	N/A	N/A	2	2	N/A	N/A
Com. Serv.	All	104	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	To promote sound external and internal communication	Operation Sukuma Sakhe	Facilitation of Sukuma Sakhe	Number of meetings held with the community and stakeholders.			1	1	2	2	3	3	4	4	4	4	N/A	N/A

# INGWE MUNICIPALITY - SERVICE DELIVERY PLAN FOR 2012/2013 FINANCIAL YEAR

Dept.	Ward no.	IDP page no.	National KPA	Outcome 9	Municipal strategic objective	Project	Measurable objective / output	Performance measure / indicator	Previous year target	Previous year actual	2012/13 Q1 target	2012/13 Q1 actual	2012/13 Q2 target	2012/13 Q2 actual	2012/13 Q3 target	2012/13 Q3 actual	2012/13 Q4 target	2012/13 Q4 actual	2012/13 annual target	2012/13 annual actual	Reason for not attaining target	Planned measures for improvement and support required to make progress
Com. Serv.	All	104	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	To provide effective and efficient safety and security services on the roads	Traffic Safety	Roadblocks	Number of joint Roadblocks.			24 roadblocks	45	66	99	112	135	136	168	136	168	N/A	N/A
Com. Serv.	N/A	104	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	To provide effective and efficient safety and security services on the roads	Traffic Safety	Firearms Training for Traffic Officers	Number of trained Traffic Officers			N/A	N/A	N/A	N/A	N/A	N/A	4	6	4	6	N/A	N/A
Com. Serv.	All	104	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	To provide effective and efficient safety and security services on the roads	Traffic Safety	Enforce compliance by road users.	Amount of money collected for traffic fines of vehicle screened			N/A	N/A	N/A	N/A	70,000	88,000	105,000	105,690	105 000	105,690	N/A	N/A
Com. Serv.	All	104	LED	Community Work Programme Implemented and Cooperatives Supported	To promote LED in the municipality and create economic opportunities	Poverty Alleviation	To develop local suppliers	No. of Businesses supported			N/A	N/A	21	20	36	40	N/A	N/A	36	40	N/A	N/A
Com. Serv.	All	104	LED	Community Work Programme Implemented and Cooperatives Supported	To promote LED in the municipality and create economic opportunities	Sport, Art & Culture	To Promote Art,Sports & Recreation	No. of sporting Events			1	0	3	4	N/A	N/A	N/A	N/A	3	4	N/A	N/A
Com. Serv.	All	104	LED	Community Work Programme Implemented and Cooperatives Supported	To promote LED in the municipality and create economic opportunities	Sport, Art & Culture	To Promote Art,Sports & Recreation	No. of Artists supported			N/A	N/A	71	72	77	85	77	111	77	111	N/A	N/A
Com. Serv.	All	104	LED	Community Work Programme Implemented and Cooperatives Supported	To promote LED in the municipality and create economic opportunities	Sport, Art & Culture	To Promote Art,Sports & Recreation	No. of Crafters supported			N/A	N/A	33	28	38	48	N/A	N/A	38	48	N/A	N/A
Com. Serv.	All	104 and 137	LED	Community Work Programme Implemented and Cooperatives Supported	To promote local economic development in the municipality and create economic opportunities	Functional Sisonke Stimela	To create Local Tourism Facilities and Amenities	Number of Tourism Events			1	1	N/A	N/A	2	1	N/A	N/A	2	1	Second trip cancelled by Transnet due to unsafe railway line	Business plan has been submitted to COGTA for funding in order to overhaul railway line
Com. Serv.	All	104 and 137	LED	Community Work Programme Implemented and Cooperatives Supported	To promote local economic development in the municipality and create economic opportunities	Tourist Publication	To create Local Tourism Facilities and Amenities	No. Of Tourism Publication in the media			1	2	2	4	3	4	4	4	4 publications	4	N/A	N/A
Com. Serv.	5	104 and 137	LED	Community Work Programme Implemented and Cooperatives Supported	To promote local economic development in the municipality and create economic opportunities	Transnet Freight Rail Land in Donnybrook	To facilitate access to the land in Donnybrook.	Access Land by deadline			N/A	N/A	Signed Lease Agreement	Signed Lease Agreement before 30 Dec 2012	N/A	N/A	N/A	Another signed market related offer to purchase 29 houses in Donnybrook was submitted	30-Dec-12	30-Dec-12	N/A	N/A

# INGWE MUNICIPALITY - SERVICE DELIVERY PLAN FOR 2012/2013 FINANCIAL YEAR

Dept.	Ward no.	IDP page no.	National KPA	Outcome 9	Municipal strategic objective	Project	Measurable objective / output	Performance measure / indicator	Previous year target	Previous year actual	2012/13 Q1 target	2012/13 Q1 actual	2012/13 Q2 target	2012/13 Q2 actual	2012/13 Q3 target	2012/13 Q3 actual	2012/13 Q4 target	2012/13 Q4 actual	2012/13 annual target	2012/13 annual actual	Reason for not attaining target	Planned measures for improvement and support required to make progress
Com. Serv.	9,5&7	104 and 137	LED	Community Work Programme Implemented and Cooperatives Supported	To promote local economic development in the municipality and create economic opportunities	Donnybrook Corridor Development /Bio fuel	To facilitate the corridor development project and timber hub (Donnybrook to Bulwer)	Number of Community Stakeholders Mobilised.			N/A	N/A	3	3	N/A	N/A	N/A	N/A	3	3	N/A	N/A
Com. Serv.	All	137	LED	Community Work Programme Implemented and Cooperatives Supported	To promote local economic development in the municipality and create economic opportunities	Heifer project	To facilitate the Heifer Project	Business Plan submitted by deadline			N/A	N/A	30-Dec-12	30-Dec-12	n/A	N/A	N/A	N/A	30-Dec-12	30-Dec-12	N/A	N/A
Com. Serv.	All	104	LED	Community Work Programme Implemented and Cooperatives Supported	To promote local economic development in the municipality and create economic opportunities	LED Forum	To establish partnerships with local economic development institutions	Establishment of a LED forum by Deadline			N/A	N/A	N/A	N/A	30-Mar-13	Jan-13	N/A	N/A	30-Mar-12	30-Mar-12	N/A	N/A
Com. Serv.	All	6	LED	community Work Programme Implemented and Cooperatives Supported	To promote social development	HIV/Aids	To implement special programs in connection with HIV/AIDS	Campaign by deadline			N/A	N/A	30-Dec-12	By end Dec 2012	N/A	N/A	N/A	N/A	30-Dec-12	30-Dec-12	N/A	N/A
Com. Serv.	All	6	LED	Community Work Programme Implemented and Cooperatives Supported	To promote social development	Disability	To implement special programs in connection with the disabled group	Disability Awareness Campaign by Deadline			N/A	N/A	30-Nov-12	By end Nov 2012	N/A	N/A	N/A	N/A	30-Nov-12	30-Nov-12	N/A	N/A
Com. Serv.	All	6	LED	Community Work Programme Implemented and Cooperatives Supported	To promote social development	Women	To implement special programs for women	No. of Awareness Campaigns on women issues.			N/A	N/A	30-Dec-12	By end Dec 2012	N/A	N/A	N/A	N/A	30-Dec-12	30-Dec-12	N/A	N/A
Com. Serv.	All	104	Basic Service Delivery	Improved Access to Basic Services	To promote access to community facilities	Libraries Support	To deliver effective, efficient and sustainable library service in accordance with the needs of the community	No of outreach programme conducted			3	4	6	6	9	9	12	12	12 outreach programme by 30 June 2013	12 outreach programme by 30 June 2013	N/A	N/A
Com. Serv.	N/A	6	Cross Cutting Intervention	Single Window of Coordination	To ensure integrated development and environmental planning	Disaster Management Plan	To prepare a disaster management and contingency plan	Adopted disaster plan by deadline			N/A	N/A	N/A	N/A	N/A	N/A	30-Jun-13	Noted by Council on 27 June 2013	30-Jun-13	Noted by Council on 27 June 2013	N/A	N/A
BTO	All	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	To manage finances in line with the required legislation (MFMA)	Draft Budget	Approved draft budget	Tabling of Draft 2013/14 Budget by deadline			N/A	N/A	N/A	N/A	31-Mar-13	28-Mar-13	N/A	N/A	31-Mar-13	28-Mar-13	N/A	N/A
BTO	All	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	To manage finances in line with the required legislation (MFMA)	Budget Reporting	To ensure monitoring of annual budget	Number of monthly budget reports tabled			3	3	6	6	9	9	12	12	12		N/A	N/A
BTO			Financial Viability and		To manage	Budget	To capacitate	Number of														



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Dept.	Ward no.	IDP page no.	National KPA	Outcome 9	Municipal strategic objective	Project	Measurable objective / output	Performance measure / indicator	Previous year target	Previous year actual	2012/13 target	2012/13 Q1 actual	2012/13 Q2 target	2012/13 Q2 actual	2012/13 Q3 target	2012/13 Q3 actual	2012/13 Q4 target	2012/13 Q4 actual	2012/13 annual target	2012/13 annual actual	Reason for not attaining target	Planned measures for improvement and support required to make progress
BTO	N/A	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	finances in line with the required legislation	Budget Workshops	Council to be able to interact with the Budget	Councillors Workshopped on Policies,			N/A	N/A	N/A	N/A	1	1	N/A	N/A	1		N/A	N/A
BTO	All	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	To manage finances in line with the required legislation (MFMA)	Budget Consultation	To ensure public is consulted on budget	Number of Budget Roadshows held			N/A	N/A	N/A	N/A	2	11	N/A	N/A	2		N/A	N/A
BTO	All	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	To manage finances in line with the required legislation (MFMA)	Budget Consultation	To ensure public is consulted on tariffs	Number of consultative meetings held			N/A	N/A	N/A	N/A	N/A	N/A	2	2	2		N/A	N/A
BTO	N/A	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	To manage finances in line with the required legislation (MFMA)	Final Budget for 2013/2014	Submission of Final Budget and resolutions on the approval of budget related policies	Submission by deadline			N/A	N/A	N/A	N/A	N/A	N/A	14-Jun-13	14-Jun-12	14-Jun-13		N/A	N/A
BTO	N/A		Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	To manage finances in line with the required legislation (MFMA)	Budget Oversight	To ensure sound control environment over management information	Quarterly financial reports to Council by deadline			1	1	2	2	3	3	4	4	4 items on financial reports tabled to council no later than 30 days after end of each quarter	4 items on financial reports tabled to council no later than 30 days after end of each quarter	N/A	N/A
BTO	N/A	104	Financial Viability and Financial Management		To manage finances in line with the required legislation (MFMA)	Asset Management	To ensure sound internal controls over asset management	Updated Asset Register by deadline			1	1	2	2	3	3	4	4	Quarterly reconciliation of the Asset register and physical assets	4	N/A	N/A
BTO	N/A	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	To manage finances in line with the required legislation (MFMA)	Budget management	To ensure monitoring of annual budget implementation in terms of section 72 of the MFMA	6 monthly budget statements completed by deadline			N/A	N/A	N/A	N/A	25-Jan-13	25-Jan-13	N/A	N/A	25-Jan-13	25-Jan-13	N/A	N/A
BTO	N/A	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	To manage finances in line with the required legislation (MFMA)	Financial management	Encourage transparency and accountability in the management of the municipal finances	Submission of AFS 2011/2012 by deadline			31-Aug-12	31-Aug-12	N/A	N/A	N/A	N/A	N/A	N/A	31-Aug-12	31-Aug-12	N/A	N/A
BTO	N/A	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	To manage finances in line with the required legislation (MFMA)	Budget management	To ensure monitoring of annual budget implementation	Adjustment Budget tabled to Council by deadline			N/A	N/A	N/A	N/A	31-Jan-13	25-Jan-13	N/A	N/A	31-Jan-13	31-Jan-13	N/A	N/A
BTO	All	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	To manage finances in line with the required legislation (MFMA)	Debt Collection	To provide assistance to people who cannot afford to pay for services	No. of households earning less than R1100 with access to free basic electricity (ESKOM)			1322	773	1322	819	1322	818	1322	820	1322	820	Some household don't understand that you get 50kw per month even if you didn't buy the electricity. We would have to improve our communication of the eskom free basis amongst the community.	To convene a meeting with Eskom in order to devised innovative ways of dealing with this matter

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Dept.	Ward no.	IDP page no.	National KPA	Outcome 9	Municipal strategic objective	Project	Measurable objective / output	Performance measure / indicator	Previous year target	Previous year actual	2012/13 Q1 target	2012/13 Q1 actual	2012/13 Q2 target	2012/13 Q2 actual	2012/13 Q3 target	2012/13 Q3 actual	2012/13 Q4 target	2012/13 Q4 actual	2012/13 annual target	2012/13 annual actual	Reason for not attaining target	Planned measures for improvement and support required to make progress
BTO	All	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	Development and implementation of policies for debt recovery and management of creditors	Debt Collection	To ensure collection of aged debt	% increase on debt collection			15%	13%	35%	21%	65%	30%	75%	49%	75%	49%	Government departments remain slow to pay	To convene a meeting with Public Works to sort out this matter
BTO	All	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	Development and implementation of policies for debt recovery and management of creditors	Debt Collection	To improve collection against revenue billed	% increase/ growth in revenue collected			15%	85%	35%	95%	65%	53%	75%	65%	75%	65%	Commercial agriculture pay well by end December but thereafter other individual payers drop the rate	Conduct Rates Awareness Campaign particularly to the affected parties
BTO	N/A	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	To manage finances in line with the required legislation ( MFMA)	Financial management	To ensure sound financial management of the municipality	Number of DORA reports on all grants received			3	3	6	6	9	9	12	12	12	12	N/A	N/A
BTO	N/A	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	To manage finances in line with the required legislation ( MFMA)	Financial management	SDBIP reports	SDBIP reports by deadline			1	1	2	2	1	3	4	4	10 days after the end of quarter	10 days after the end of quarter	N/A	N/A
BTO	N/A	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	Development and implementation of policies for debt recovery and management of creditors	Creditors management	To facilitate timeous Payment of Creditors	% of creditors paid on time			100%	100%	100%	98%	100%	96%	100%	93%	100%	93%	HoDs submit invoices late	HOD have been warned and MM will take a decisive decision to all HODs who do not comply
BTO	N/A	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	To manage finances in line with the required legislation ( MFMA)	Quarterly SCM Reporting	To ensure compliance with scm policy	Quarterly SCM policy implementation reports by deadline to the Mayor within 10 days of quarter end (SCM Regulation 6).			1	1	2	2	3	3	4	4	4 quarterly reports no later than 10 days after end of quarter	4 quarterly reports no later than 10 days after end of quarter	N/A	N/A
BTO	N/A	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	To manage finances in line with the required legislation ( MFMA)	Annual SCM Reporting	To ensure compliance with scm policy	Annual SCM policy implementation report by deadline			1	1	N/A	N/A	N/A	N/A	N/A	N/A	1 annual reports no later than 10 days after end of quarter	1 annual reports no later than 10 days after end of quarter	N/A	N/A
BTO	N/A	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	To manage finances in line with the required legislation ( MFMA)	Bid Committees	To ensure compliance with scm policy	Turnaround time for the recommendation of BAC from closure of advert			21	Deferred as BAC chaired by IPD Manager during this period	21	Deferred as BAC chaired by IPD Manager during this period	21	18 days	21	15 days	21 days	15 days	N/A	N/A
BTO	N/A	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	To manage finances in line with the required legislation ( MFMA)	Clean Audit	To ensure accuracy of AFS	Unqualified audit on AFS	Unqualified opinion	Unqualified Opinion	N/A	N/A	Unqualified opinion	Unqualified opinion	N/A	N/A	N/A	N/A	Unqualified audit on AFS	Unqualified audit on AFS	N/A	N/A
BTO	N/A	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	To manage finances in line with the required legislation ( MFMA)	Bank Account Management	Ensure sound administration over bank accounts	No overdrawn accounts (current and salaries accounts)			6	6	12	12	18	18	24	24	24	24	N/A	N/A
BTO	N/A	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	Implementation of the MPRA	2nd Valuation Roll	Ensure compliance with the Municipal Property Rates Act	Valuation roll by deadline			N/A	N/A	N/A	N/A	N/A	N/A	30-Jun-13	23-May-13	30-Jun-13	23-May-13	N/A	N/A

INGWE MUNICIPALITY - SERVICE DELIVERY PLAN FOR 2012/2013 FINANCIAL YEAR																						
Dept.	Ward no.	IDP page no.	National KPA	Outcome 9	Municipal strategic objective	Project	Measurable objective / output	Performance measure / indicator	Previous year target	Previous year actual	2012/13 Q1 target	2012/13 Q1 actual	2012/13 Q2 target	2012/13 Q2 actual	2012/13 Q3 target	2012/13 Q3 actual	2012/13 Q4 target	2012/13 Q4 actual	2012/13 annual target	2012/13 annual actual	Reason for not attaining target	Planned measures for improvement and support required to make progress
BTO	N/A	104	Financial Viability and Financial Management	Improved Municipal Finance and Administrative Capability	To manage finances in line with the required legislation (MFMA)	Departmental Budget Management	Monitoring of departmental budget	% of budget spent			N/A	N/A	N/A	N/A	N/A	N/A	95%	95%	95%	95%	N/A	N/A
IPD	9	136	Basic service-delivery	Improved Access to Basic Services	Improve access to basic services	Shelter for taxi commuters at Nkwezela	Completed shelter	(i)percentage of construction (ii)percentage of expenditure			(i) N/A (II) N/A	Not measured	(i) N/A (II) N/A	Not measured	(i) N/A (II) N/A	Not measured	(i) 100% (II) 100%	(i) 0% (II) 0%	(i) 100% (II) 100%	(i) 0% (II) 0%	The Department of Transport has not given approval for this project. This is beyond the municipality's control.	Obtain DOT's consent first before the project commence
IPD	10	103	Basic service-delivery	Improved Access to Basic Services	Improve access to basic services	Xosheyakhe Community Hall	Completed hall	(i)percentage of construction (ii)percentage of expenditure	3 Halls	2 Halls	(i) N/A (II) N/A	Not measured	(i) N/A (II) N/A	Not measured	(i) 50% (II) 50%	Not measured	(i) 100% (II) 100%	(i) 100% (II) 74%	(i) 100% (II) 100%	(i) 100% (II) 74%	N/A	N/A
IPD	5	103	Basic Service Delivery	Improved Access to Basic Services	To promote access to community facilities	Sokhela Community Hall	To provide,manage and maintain council facilities and halls	(i) percentage of construction (ii) percentage of expenditure			(i) N/A (II) N/A	Not measured	(i) N/A (II) N/A	Not measured	(i) 25% (II) 35%	Not measured	(i) 100% (II) 100%	(i) 65% (II) 50%	(i) 100% (II) 100%	(i) 65% (II) 50%	Extensions to hall requested causing delay	Preliminary Planning which involves feasibility study would be carried out before actual construction
IPD	7	103	Basic Service Delivery	Improved Access to Basic Services	To promote access to community facilities	Vulingqondo Community Hall	To provide,manage and maintain council facilities and halls	(i) percentage of construction (ii) percentage of expenditure			(i) N/A (II) N/A	Not measured	(i) N/A (II) N/A	Not measured	(i) 25% (II) 50%	Not measured	(i) 100% (II) 100%	(i) 30% (II) 8%	(i) 100% (II) 100%	(i) 30% (II) 8%	Engineer advised original site was too challenging terrain and PTO denied for second option - delaying project	Preliminary Planning which involves feasibility study would be carried out before actual construction
IPD	8	103	Basic Service Delivery	Improved Access to Basic Services	To promote access to community facilities	Lubomvana Community Hall	To provide,manage and maintain council facilities and halls	(i) percentage of construction (ii) percentage of expenditure			(i) N/A (II) N/A	Not measured	(i) N/A (II) N/A	Not measured	(i) 25% (II) 40%	Not measured	(i) 100% (II) 100%	(i) 45% (II) 19%	(i) 100% (II) 100%	(i) 45% (II) 19%	Extensions to hall requested causing delay	Preliminary Planning which involves feasibility study would be carried out before actual construction
IPD	6	103	Basic Service Delivery	Improved Access to Basic Services	To promote access to community facilities	Mnywaneni /Masameni Community Hall	To provide,manage and maintain council facilities and halls	(i) percentage of construction (ii) percentage of expenditure			(i) N/A (II) N/A	Not measured	(i) N/A (II) N/A	Not measured	(i) 25% (II) 50%	Not measured	(i) 100% (II) 100%	(i) 15% (II) 11%	(i) 100% (II) 100%	(i) 15% (II) 11%	Project site changed 3 times and is now at Dazini - thus construction only recently begun	Preliminary Planning which involves feasibility study would be carried out before actual construction
IPD	4	103	Basic Service Delivery	Improved Access to Basic Services	To expand the provision of the municipal services to all households in Ingwe terms of national standards	Diphini Access Road	To implement the roads projects provided on the capital budget within the budget allocated	(i) percentage of construction (ii) percentage of expenditure			(i) N/A (II) N/A	Not measured	(i) N/A (II) N/A	Not measured	(i) 25% (II) 25%	Not measured	(i) 100% (II) 100%	(i) 85% (II) 85%	(i) 100% (II) 100%	(i) 85% (II) 85%	Delays in appointment of engineer by SCM and engineer delayed by EIA beyond his control	SCM Turnaround time has been improved to 15 days and this will address bottleneck that have been encountered in th SCM office
IPD	10	103	Basic Service Delivery	Improved Access to Basic Services	To expand the provision of the municipal services to all households in Ingwe terms of national standards	Mdayane Access Road	To implement the roads projects provided on the capital budget within the budget allocated	(i) percentage of construction (ii) percentage of expenditure			(i) N/A (II) N/A	Not measured	(i) N/A (II) N/A	Not measured	(i) 25% (II) 50%	Not measured	(i) 100% (II) 100%	(i) 100% (II) 39%??	(i) 100% (II) 100%	(i) 100% (II) 39%??	N/A	N/A
IPD	9 & 11	103	Basic Service Delivery	Improved Access to Basic Services	To expand the provision of the municipal services to all households in Ingwe terms of national standards	Creighton and Bulwer Access Roads	To implement the roads projects provided on the capital budget within the budget allocated	(i) percentage of construction (ii) percentage of expenditure			(i) N/A (II) N/A	Not measured	(i) N/A (II) N/A	Not measured	(i) 25% (II) 25%	Not measured	(i) 100% (II) 100%	(i) 100% Creighton and 50% Bulwer (II) 70%	(i) 100% (II) 100%	(i) 100% Creighton and 50% Bulwer (II) 70%	Bulwer contractor failing to complete by deadline due to late submission of his rates clearance certificate	Contractors performance will be close monitored
IPD	1	103	Basic Service Delivery	Improved Access to Basic Services	To promote access to community facilities	Siyaya Sports Field	To provide,manage and maintain council facilities and halls	(i) percentage of construction (ii) percentage of expenditure			(i) N/A (II) N/A	Not measured	(i) N/A (II) N/A	Not measured	(i) 25% (II) 25%	Not measured	(i) 100% (II) 100% (III) ?	(i) 90% (II) 92%	(i) 100% (II) 100%	(i) 90% (II) 92%	Contractor delayed site establishment	Contractors performance will be close monitored

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Dept.	Ward no.	IDP page no.	National KPA	Outcome 9	Municipal strategic objective	Project	Measurable objective / output	Performance measure / indicator	Previous year target	Previous year actual	2012/13 Q1 target	2012/13 Q1 actual	2012/13 Q2 target	2012/13 Q2 actual	2012/13 Q3 target	2012/13 Q3 actual	2012/13 Q4 target	2012/13 Q4 actual	2012/13 annual target	2012/13 annual actual	Reason for not attaining target	Planned measures for improvement and support required to make progress
IPD	6	103	Basic Service Delivery	Improved Access to Basic Services	To promote access to community facilities	Tars Valley & Qulashe Sport field	To provide, manage and maintain council facilities and halls	(i) percentage of construction (ii) percentage of expenditure			(i) N/A (ii) N/A	Not measured	(i) N/A (ii) N/A	Not measured	(i) 25% (ii) 25%	Not measured	(i) 100% (ii) 100%	(i) 85% (ii) 130%	one completed Sports field	(i) 85% (ii) 130%	Variation Order requested for additional earth works delayed projects	Preliminary Planning which involves feasibility study would be carried out before actual construction
IPD	All	133	Basic Service Delivery	Improved Access to Basic Services	To promote access to basic level of electricity	Tars Valley	Provision of basic level of electrification to House holds	(i) percentage of construction (ii) percentage of expenditure			(i) N/A (ii) N/A	Not measured	(i) N/A (ii) N/A	Not measured	(i) 25% (ii) 25%	Not measured	(i) 100% (ii) 100%	(i) 100% (ii) 45%	(i)100% (ii)100%	(i) 100% (ii) 45%	N/A	N/A
IPD	All	133	Basic Service Delivery	Improved Access to Basic Services	To promote access to basic level of electricity	Ntokozweni	Provision of basic level of electrification to House holds	(i) percentage of construction (ii) percentage of expenditure			(i) N/A (ii) N/A	Not measured	(i) N/A (ii) N/A	Not measured	(i)100% (ii)100%	(i)100% (ii) 45%	(i) N/A (ii) N/A	N/A	100%	N/A	N/A	N/A
IPD	11	133	Basic Service Delivery	Improved Access to Basic Services	To promote access to basic level of electricity	Greater-Junction	Provision of basic level of electrification to House holds	(i) percentage of construction (ii) percentage of expenditure			(i) N/A (ii) N/A	Not measured	(i) N/A (ii) N/A	Not measured	(i) 50% (ii) 50%	Not measured	(i) 100% (ii) 100%	(i) 100% (ii) 100%	100%	(i) 100% (ii) 100%	N/A	N/A
IPD	9	133	Basic Service Delivery	Improved Access to Basic Services	To promote access to basic level of electricity	Mahwaqa	Provision of basic level of electrification to House holds	(i) percentage of construction (ii) percentage of expenditure			(i) N/A (ii) N/A	Not measured	(i) N/A (ii) N/A	Not measured	(i)100% (ii)100%	(i)90% (ii)100%	(i) N/A (ii) N/A	N/A	100%	N/A	N/A	N/A
IPD	5	133	Basic Service Delivery	Improved Access to Basic Services	To promote access to basic level of electricity	Qulashe	Provision of basic level of electrification to House holds	(i) percentage of construction (ii) percentage of expenditure			(i) N/A (ii) N/A	Not measured	(i) N/A (ii) N/A	Not measured	(i)100% (ii)100%	Not measured	(i) N/A (ii) N/A	(i) 90% (ii) 45%	100%	(i) 90% (ii) 45%	N/A	N/A
IPD	11	138	Basic Service Delivery	Improved Access to Basic Services	To provide efficient and effective building control services	Traffic Department Offices	To maintain all Council buildings within budget	(i) percentage of construction (ii) percentage of expenditure			N/A	N/A	N/A	N/A	N/A	N/A	Renovations complete	No renovations	To renovate Traffic Department Offices by the end of financial year 2012-2013.	No renovations	Design finalisation delayed by engineer	Clear SLA will be developed and there will be close monitoring to the contractor's performance
IPD	Bulwer		Basic Service Delivery	Improved Access to Basic Services	To provide efficient and effective building control services	Vehicle Parking Cover Bulwer	To maintain all Council buildings within budget	(i) percentage of construction (ii) percentage of expenditure			N/A	N/A	N/A	N/A	(i) 100% (ii) 100%	(i) 100% (ii) 100%	N/A	N/A	(i) 100% (ii) 100%	N/A	N/A	N/A
IPD	All	138	Basic Service Delivery	Improved Access to Basic Services	To provide efficient and effective building control services	Vehicle Parking Cover Creighton	To maintain all Council buildings within budget	(i) percentage of construction (ii) percentage of expenditure			N/A	N/A	N/A	N/A	N/A	N/A	(i) 100% (ii) 100%	No cover installed	(i) 100% (ii) 100%	No cover installed	Contractor responsible for tarmac slab delayed leading to failure to instal parking cover	N/A
IPD	All	103	Basic Service Delivery	Improved Access to Basic Services	To expand the provision of the municipal services to all households in Ingwe terms of national standards.	Repairs of Municipal roads and drains	To maintain roads as per maintenance budget within the financial year	KM of municipal roads Municipal Roads maintained			N/A	N/A	N/A	N/A	N/A	N/A	3km gravel road maintainane	0 km	3km	0km	Budget decreased but still no progress	N/A
IPD	All	103	Basic Service Delivery	Improved Access to Basic Services	To expand the provision of the municipal services to all households in Ingwe terms of national standards.	Fencing	Fencing of Municipal facilities	Number of meters fenced municipal facilities fenced			N/A	N/A	N/A	N/A	N/A	N/A	800 m	242m	800 m	242m	Limited fencing done but monet re-allocated to changing garages to offices and partitioning	N/A
MM	All	TBI	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	The preparation of IDP within the prescribed legal guidelines.	Itergrated Development Plan (IDP)	Credible IDP adopted by Council	2013/2014 IDP adopted by Council by due date			Tabling of the IDP process plan for 2013/2014 to Council by due 31 August 2012	N/A	2 Public consultation /IDP roadshows to all wards	N/A	Developing Draft IDP and Submission to Cogta for Assessment by end of March	N/A	Tabling the final IDP to Council for adoption by end of May	30-May-13	End May 2013	End May 2013	N/A	N/A
MM	N/A	TBI	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	To promote access information	Annual Report	Noted Annual Report by Council	Noted Annual Report by Council by due date			N/A	N/A	N/A	N/A	Tabling the Annual Report to Council by 31 January 2013.	25-Jan-13	N/A	N/A	Noted Annual Report by Council by end of January	Noted Annual Report by Council by end of January	N/A	N/A

**INGWE MUNICIPALITY - SERVICE DELIVERY PLAN FOR 2012/2013 FINANCIAL YEAR**

Dept.	Ward no.	IDP page no.	National KPA	Outcome 9	Municipal strategic objective	Project	Measurable objective / output	Performance measure / indicator	Previous year target	Previous year actual	2012/13 Q1 target	2012/13 Q1 actual	2012/13 Q2 target	2012/13 Q2 actual	2012/13 Q3 target	2012/13 Q3 actual	2012/13 Q4 target	2012/13 Q4 actual	2012/13 annual target	2012/13 annual actual	Reason for not attaining target	Planned measures for improvement and support required to make progress
MM	N/A	TBI	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	To promote access information	MPAC Oversight	Ensure oversight over the annual report by MPAC	No of oversight reports by MPAC bu due date			N/A	N/A	N/A	N/A	Oversight report by MPAC by 31March 2013	31-Mar-13	N/A	N/A	Oversight report by MPAC by 31March 2013	Oversight report by MPAC by 31March 2013	N/A	N/A
MM	N/A	TBI	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	To ensure sound governance	PMS	Ensure monitoring of performance	No of assessments conducted by due date			N/A	N/A	N/A	N/A	Half Year Assessment	Mar-13	N/A	N/A	Assessment of all Section 57 managers	None during mid-year	SDBIP Refinementtr delayed half year assessment	All Section 57 Managers will be assessed on a quarterly basis
MM	N/A	TBI	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	To ensure sound governance	PMS	Ensure monitoring of performance	Mid-year report tabled by due date			N/A	N/A	N/A	N/A	25-Jan-13	25-Jan-13	N/A	N/A	25-Jan-13	25-Jan-13	N/A	N/A
MM	all	TBI	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	To ensure sound governance	Audit and performance audit committee	To ensure effective audit and performance committee	Number of PAC reports submitted to Council			1	0	2	1	3	1	4	2	4 Reports	2 Reports	Capacity challenges	Municipality hasappointed IDP/PMS Manager to beef up the current capacity challenge in this section
MM	N/A	TBI	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	To ensure sound governance	Risk Management	To ensure effective risk management	Number of Annual Risk and control assessment workshops			N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	1	N/A	N/A
MM	N/A	TBI	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	To ensure sound governance	Risk Management	To ensure effective risk management	Number of Risk Registers developed by end Q4			N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	1	N/A	N/A
MM	All	104	Good Governance and Public Participation	Deepen Democracy Through a Refined Ward Committee System	To promote sound external and internal communication	Operation Sukuma Sakhe	Facilitation of Sukuma Sakhe	Number of meetings held with the community and stakeholders.			1 meeting	TBI	1 meeting	TBI	1 meeting	1	1 meeting	1	4	2	Capacity challenges	IDP / PMS Manager has been assigned to assist on this function

### **REASON FOR NOT MEETING PRE-DETERMINED OBJECTIVES**

Some service delivery and budget spending targets were not met during the 2012/2013 financial year. These are tabled below with proposed corrective measures.

#### **Corporate Services**

PROJECT DESCRIPTION	TARGET		REASON FOR NON-PERFORMANCE	CORRECTIVE MEASURES
	Planned	Actual		
Filling of Sec 54 & 56 Posts	3	0	No attractive human resource strategy	Develop an attractive human resource strategy that will attract and retain staff. E.g., attractive benefits.
Newsletter	Quarterly publications	None	Service provider failed to deliver	Termination of service provider and Appointment of new service provider.
Website	Monthly update	None	Municipal website had to be upgraded	Appoint service provider to upgrade our website
Filling vacant post	Two months	0	Need to boost our human resources	Appoint Senior Human Resources Officer
Local Labour Forum	quarterly	None	Reports were not submitted accordingly	Stick on schedule meetings and submit reports on time

## Budget and Treasury Office

PROJECT DESCRIPTION	TARGET		REASON FOR NON PERFORMANCE	CORRECTIVE MEASURES
	Planned	Actual		
Free Basic Electricity	To provide assistance to <b>1322</b> people who cannot afford to pay for services	820	Registered Indigent people could not claimed their FBS as expected	To improve on communication with Eskom and to invite Eskom on public meeting
Debt collection: Age debt	75%	49%	Payments were not received from Government Departments as expected	Already engage with Provincial Treasury to collect the money that owed by government departments
Creditors Management	100%	93%	HODs could not submit invoice early to the BTO for payment	To have comments or memorandum from HOD's stating the reason why.
Debt collection: Revenue Billed	75%	65%	Late appointment of Service Provider to collect debt on behalf of the Council	Already engage the service provider (Debt-In collection) to collect the money that owed by individual also to do data cleansing

**Office the Municipal Manager**

PROJECT DESCRIPTION	TARGET		REASON FOR NON-PERFORMANCE	CORRECTIVE MEASURES
	Planned	Actual		
PMS	Half Year Assessment	None	SDBIP Refinement delayed half year assessment	All Section 57 Managers will be assessed on a quarterly basis
Audit and performance audit committee	4 Reports	2 Reports	Capacity Challenge	Municipality appointed IDP/PMS Manager to beef up the current capacity challenge in this section in this unit.
Operation Sukuma Sakhe	4 Meetings	2 Meetings	Capacity Challenge	IDP / PMS Manager has been assigned to assist on this function